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Agenda item 72 (b)
Review and implementation of the Concluding Document of the Twelfth Special Session of the General Assembly: United Nations Disarmament Fellowship Training and Advisory Services

United Nations Disarmament Fellowship Training and Advisory Services

Report of the Secretary-General

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I. Introduction

1. By resolution 51/46 F of 10 December 1996, entitled "United Nations disarmament fellowship, training and advisory services", the General Assembly requested the Secretary-General to continue with the annual implementation of the programme and to report thereon to the General Assembly at its fifty-third session.

2. The present report is submitted pursuant to that mandate.

II. Disarmament fellowship programme

A. 1997 and 1998 fellowships

3. Twenty-four fellowships were awarded in 1997 and in 1998. The respective names and nationalities of the officials who benefited from the programme in 1997 and in 1998 follow.

1997 fellows

1.	Mr. Djamel **Saïdani**	Algeria
2.	Ms. Nahida **Sobhan**	Bangladesh
3.	Mr. René **Ortega Meza**	Chile
4.	Mr. **Long** Zhou	China
5.	Mr. Daniel **Avila**	Colombia
6.	Ms. Dania Margarita **Santana Trueba**	Cuba
7.	Mr. Song Il **Jong**	Democratic People's Republic of Korea
8.	Mr. Stefan **Kordasch**	Germany
9.	Mr. László **Deák**	Hungary
10.	Mr. Suryana **Sastradiredja**	Indonesia
11.	Ms. Claudia **Colla**	Italy
12.	Ms. Leila **Baishina**	Kazakhstan
13.	Ms. Maria Perla **Flores Liera**	Mexico
14.	Ms. Loubna **Al Atlassi**	Morocco
15.	Ms. Ekaterina **Chumicheva**	Russian Federation
16.	Mr. Mame Gorgui **Gueye**	Senegal
17.	Mr. Tumagole P. **Tsholetsane**	South Africa
18.	Ms. Aruni **Wijewardane**	Sri Lanka
19.	Mr. Agbessi Zomblewou **Kokou**	Togo
20.	Ms. Natalia Petrivna **Huzerchuk**	Ukraine
21.	Mr. Kagyabukama E. **Kiliba**	United Republic of Tanzania
22.	Ms. Helen **Bird**	United States of America
23.	Mr. **Pham** B. Minh	Viet Nam
24.	Mr. Bebra G. **Munodawafa**	Zimbabwe

1998 Fellows

1.	Ms. Cinthia V. **Echavarria**	Argentina
2.	Ms. Aissata **Gomgnibou Boly**	Burkina Faso
3.	Mr. Krešimir **Bošnjak**	Croatia
4.	Mr. Haitham Mahmoud **Ghobashy**	Egypt
5.	Mr. William Osbaldo **Hernandez**	El Salvador
6.	Mr. Pa Modou **Ann**	Gambia
7.	Mr. Muhammad **Adam**	Ghana
8.	Mr. Mohammad Hassan **Daryaei**	Islamic Republic of Iran
9.	Ms. Anne **Tinglin**	Jamaica
10.	Mr. Khaled Suleyman **Al-Hamed**	Jordan
11.	Mr. Ki-Jun **You**	Republic of Korea
12.	Mr. Dinala Jordan **Balakasi**	Malawi
13.	Mr. Ikram Mohd. **Ibrahim**	Malaysia
14.	Mr. Mohammed **Katra**	Mali
15.	Mr. Parasram **Gopaul**	Mauritius
16.	Mr. **Ould Habib** Abderrahmane	Mauritania
17.	Mr. **Ye Minn Thein**	Myanmar
18.	Mr. Tapas **Adhikari**	Nepal
19.	Mr. Farrukh Iqbal **Khan**	Pakistan
20.	Mr. Janusz **Wawrzyniuk**	Poland

21.	Mr. Anthony Joseph **Comrie**	St. Kitts and Nevis
22.	Ms. Damla Yesim **Say**	Turkey
23.	Mr. Karomidin **Gadoev**	Uzbekistan
24.	Mr. Kanguya **Mayondi**	Zambia

B. Programme of studies

4. The programme of fellowships on disarmament is structured in three segments. The first segment is carried out by the Geneva branch of the Department for Disarmament Affairs and is aimed at exposing the fellows to multilateral negotiations on disarmament undertaken by the Conference on Disarmament. The segment includes a cycle of lectures by senior representatives of States members of the Conference on Disarmament on issues under negotiation in the Conference and attendance at its meetings. The second segment comprises study visits to intergovernmental organizations of relevance in the field of disarmament and to member States, at their invitation. The third segment, which is held at United Nations Headquarters in New York, consists of a second cycle of lectures by members of delegations to the First Committee of the General Assembly and by United Nations officials on items on the agenda of the Committee and regular attendance at meetings of the Committee. In addition, the fellows are required to prepare individual research papers on a topic of their choice relating to disarmament and security.

5. The 1997 fellowship programme was carried out from 15 September to 31 October. The 1998 programme started on 7 September and will conclude on 29 October. In both years, the fellows, while in Geneva, also had the opportunity to attend meetings of the Ad Hoc Group of the States Parties to the Biological Weapons Convention, in addition to the activities described above. Presentations on various aspects of the work undertaken by the Ad Hoc Group were also made to the fellows by governmental representatives participating in the negotiations.

6. Study visits to the International Atomic Energy Agency (IAEA) in Vienna, both in 1997 and 1998, included presentations and briefings on such topics as the new strengthened safeguards system and verification in nuclear-weapon States, safeguard activities and inspections, and nuclear safety activities of IAEA. Visits to the IAEA research centre in Seibersdorf and to the Prater reactor were organized, and relevant documentary films illustrating the work of IAEA were also shown. In addition, a presentation on the work of the Preparatory Commission for the Comprehensive Nuclear Test-ban Treaty Organization was organized for the fellows by that institution.

7. At the Organization for the Prohibition of Chemical Weapons in The Hague, the fellows were briefed on the work of the organization, the status of implementation of the Chemical Weapons Convention, the verification procedures of the Convention, the work of the Inspectorate and the inspection process, international cooperation and assistance within the framework of the Convention, and the role of non-governmental organizations.

8. As in the past, Germany and Japan invited the fellowship programme on disarmament for study visits which provided the fellows with an invaluable opportunity to get more closely acquainted with the national policies and work of the two Governments in the field of arms limitation and disarmament.

9. In Germany, the 1997 study visit included several briefings and round-table discussions conducted by officials of the Division of Disarmament and Arms Control of the Federal Foreign Office in Bonn. In addition, the fellows visited a conversion plant (Buck Impar GmbH) in Pinnow where presentations were also made on its relevant work. Although it was not possible for the fellowship programme to undertake a study visit to Germany in 1998 because of conflicting dates, it is expected that this traditional portion of the programme will be resumed in 1999.

10. In Japan, in both years, briefings on various topics relating to disarmament and security were organized by the Ministry of Foreign Affairs, the Centre for the Promotion of Disarmament and Non-Proliferation, and the Japan Institute of International Affairs in Tokyo. The fellows also participated in visits to Hiroshima and Nagasaki where they were received by local officials and taken to sites relating to atomic bombing such as the Atomic Bomb Museum and the Peace Park, in Nagasaki, and the Atomic Bomb Dome and the Institute of Radiation Effects, in Hiroshima. The fellows also met with survivors of the atomic bombing.

III. Conclusion

11. The year 1998 marks the twentieth anniversary of the United Nations disarmament fellowship, training and advisory services. The programme was launched by the General Assembly at its tenth special session in 1978 to promote expertise in disarmament in more member States, particularly in the developing countries. Its importance has been highlighted by the General Assembly on several occasions.

12. In the 20 years of its existence, the programme has trained close to 500 officials from over 150 countries, a large number of whom are now in positions of responsibility in the field of disarmament within their own Governments.

13. In helping to develop greater expertise in disarmament and a better understanding of the concerns of the international community in the field of disarmament and security, the fellowship programme on disarmament has undoubtedly made a concrete contribution to the process of deliberations and negotiations on disarmament. Indeed, the programme has enabled former fellows to participate more effectively in regional and global efforts in the field of disarmament and, by creating an informal network spanning the various regions of the world, to work cooperatively and constructively in the pursuance of disarmament and arms limitation goals.

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General and complete disarmament: notification of nuclear tests

Notification of nuclear tests

Note by the Secretary-General

Pursuant to General Assembly resolutions 41/59 N of 3 December 1986 and 42/38 C of 30 November 1987, a communication dated 21 September 1998 has been received from the Permanent Mission of Australia and is reproduced in the annex to the present note.

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Annex

Information provided by States

Australia

[Original: English]
[21 September 1998]

With reference to General Assembly resolution 42/38 C. entitled "Notification of nuclear tests", in paragraph 3 of which the Assembly requests States that, while not themselves conducting nuclear explosions, possess data on such events, to make those data available to the Secretary-General for circulation, the Permanent Mission of Australia to the United Nations has the honour to attach details of nuclear explosions detected by Australia from April to June 1998 (appendix I) as well as an explanatory note (appendix II).

Appendix I

Quarterly report on presumed underground nuclear explosions, April–June 1998

Month (1998)	*Day*	*Universal Time*	*Locality*	*Estimated body-wave magnitude*[a]	*Estimated yield kilotons*[b]	*Sequence number*
April	Nil					
May	11	10 13	India[c]	5.2	10-40	98/1
May	13	06 45	India[d]	—	—	98/2
May	28	10 16	Pakistan[c]	4 8	<10	98/3
May	30	06 55	Pakistan	4 7	<10	98/4
June	Nil					

Source: Australian Geological Survey Organization, Seismological Centre. Information in this bulletin was derived from Australian seismological facilities and from institutions in other countries in the monitoring of earthquakes and nuclear explosions.

[a] Unless otherwise noted, the estimated body-wave magnitude is that published by the United States National Earthquake Information Center and is based on observations of magnitude obtained from around the world, including from Australia.

[b] The yields are estimated using empirical equations, but there is no single agreed formula for the determination of yields. The yields estimated from these relations are not sufficiently accurate to determine compliance with international treaties.

[c] The Government of India announced it had detonated three nuclear explosions on 11 May while the Government of Pakistan announced it had detonated five nuclear explosions on 28 May. For these two cases only one seismic signal was recorded on Australian seismic stations, indicating that all explosions were detonated simultaneously or that only one was large enough to be recorded.

[d] The Government of India announced it had detonated two subkiloton explosions on 13 May. No signals from these events have been found in the records produced by Australian seismic stations.

Appendix II

Explanatory note

1. When a nuclear device is detonated underground, seismic waves radiate out in all directions. In order to establish that an underground nuclear explosion has taken place, pinpoint its location and estimate the size or yield of the blast, seismologists attempt to detect and analyse the several distinct types of seismic waves generated by the blast. Many factors affect the strength and clarity of these seismic waves, particularly the efficiency with which the explosion transmits energy to the surrounding earth. This efficiency is, in turn, dependent on local geological conditions such as the hardness and water content of the rock surrounding the explosion. Knowledge of the path through the earth which the seismic signals have travelled is also important.

2. An international network of seismic stations would add significantly to confidence in the ability to detect and locate the source of underground nuclear explosions, whenever conducted. Australia is actively engaged in the international effort to create such a network and, in addition, has established a number of bilateral links for seismic cooperation.

3. Experts estimate that confidence in an international seismic network would extend to coupled explosions with yields down to about 5 kilotonnes and possibly as low as 1 kilotonne: beyond that, distinguishing nuclear explosions from earthquakes and other seismic "noise" becomes a more difficult task, and supplementary measures may be necessary. Estimating the yield of an underground explosion by remote seismic means is especially difficult given the data currently available. The relationship between seismic signals and yield is not fixed but subject to the vagaries of geology and a number of other unknown factors. At the present time we do not have openly available the large and authoritative database of explosions of known yield in various locations and geological conditions necessary to define the relationship with maximum confidence. That is why the footnotes to the table in appendix I of the present report stress that the estimated yields are not sufficiently reliable to determine compliance with international treaties. All those questions are being actively addressed in international forums.

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Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Note by the Secretary-General

1. In conformity with paragraph 5 (e) (ii) of General Assembly resolution 48/218 B of 29 July 1994, the Secretary-General transmits herewith to the Assembly as submitted the fourth annual report of the Office of Internal Oversight Services, covering activities for the period from 1 July 1997 to 30 June 1998 (see annex).

2. The Secretary-General concurs with the observations of the Under-Secretary-General for Internal Oversight Services in his preface that internal oversight in the United Nations has matured since its inception in 1994 and that its working methods have become well established and are now part of the management culture of the United Nations. In addition, reports of the Office of Internal Oversight Services continue to be an extremely valuable source of reference and guidance in the continuing process of institutional reform.

3. The ongoing efforts of the Office of Internal Oversight Services to cooperate and coordinate its programme with other oversight bodies, including the Board of External Auditors and the Joint Inspection Unit, continues to contribute to providing comprehensive oversight services for the Organization. The Secretary-General will continue to support the full and timely implementation by programme managers of recommendations made by the Office of Internal Oversight Services, which will continue to be a key element in the ongoing reform process.

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Annex

Report of the Office of Internal Oversight Services

for the period
from 1 July 1997 to
30 June 1998

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Preface
by the Under-Secretary-General for Internal Oversight Services

This is the fourth annual report of the Office of Internal Oversight Services (OIOS), documenting its activities during the period from 1 July 1997 to 30 June 1998.

Internal oversight has matured since its inception in 1994; its working methods have become well established and the Office is being recognized as an important ingredient of the new management culture of the United Nations. In fact, improving management in the United Nations is the central concern of OIOS. As an indicator of the ways in which this concern manifests itself, I have introduced into the report this year a new table showing the intended impact of OIOS recommendations. During the period under review almost three quarters of OIOS recommendations to programme managers were directed at improving management control and operational efficiency or effectiveness.

The new management culture has shown significant improvements during the reporting period; there is much more horizontal communication and transparency, more cohesion between the different duty stations, more interdepartmental cooperation.

Far-reaching initiatives are under way to introduce increased delegation of authority and accountability, but in this regard a lot remains to be done. Particularly when I travel to other duty stations, I still hear that administrators are not clear about the extent of authority delegated to them and what is being retained as a New York prerogative. Better guidance, precise instructions and more management training must be provided. Equally crucial but infinitely more complex will be the efforts to instil a sense of accountability among staff members.

From an oversight point of view, two very useful steps were taken during the last 12 months to enhance internal controls in the Organization: one was the promulgation of new Guidelines for Programme Monitoring and Evaluation, combined with the offer by OIOS to conduct workshops and otherwise assist managers in embracing this concept; the other was the Secretary-General's decision, which is currently under consideration by the General Assembly, to introduce to the United Nations, the internal control standards developed by the International Organization of Supreme Audit Institutions, an initiative which OIOS had recommended.

In its internal oversight work over the past three and a half years, OIOS has focused on the substantive activities of the Organization; peacekeeping missions and humanitarian affairs were identified as priorities, for obvious reasons, along with procurement and new United Nations bodies. While these areas will continue to deserve our scrutiny, I believe that we must now gradually shift our attention to some of the more systemic – or pervasive deficiencies of the Organization, phenomena which affect the way in which the United Nations does business across the board. This will sometimes call for a horizontal approach in looking, for example, at common services and how they function in different duty stations, a project scheduled for the fall of 1998.

Here at OIOS, we have made efforts in the past twelve months to intensify the dialogue with our clients, to engage them more fully during the course of our work, by discussing our methodologies and preliminary findings even before our reports are drafted, to more visibly and extensively reflect their comments in our reports and to improve the overall quality of the reports through regular peer review and other checks. This might be characterized as one of the generic dilemmas for all oversight work: to ensure the timeliness of the "final product", the early submission of the report on the one hand and the strict observance of all requirements for quality control and client involvement, granting sufficient time for responses to questions and comments to drafts, on the other hand. That explains why, in most cases, several months elapse between audit fieldwork and the finalization of reports.

The experience of OIOS over the past three years shows that the time factor is even more crucial in investigations. In disciplinary cases, the publication of our investigative reports with the details of the investigative activity and our findings and recommendations can only be considered after the entire and very lengthy disciplinary process, involving OHRM, the Joint Disciplinary Committee and, eventually, the Administrative Tribunal, has been exhausted. In cases where criminal wrongdoing is at stake and liaison with national law enforcement agencies becomes necessary, the OIOS investigators sometimes remain engaged for several years before a case can be considered finalized. It is also my observation that the section is increasingly seized with more and more complex investigation matters, many of which are raised with us by programme managers.

As chapter I of the present report shows, the implementation rate for OIOS recommendations has further improved during this reporting period. This implementation

rate is one of the most meaningful indicators for the success of this Office. These figures could only be generated because of the system of regular compliance monitoring we developed early on. Until June 1998, this system was handled by an individual provided gratis by a Member State, who then had to be phased out because of policy decisions taken by the General Assembly. I will now be compelled to ask for an additional regular budget post for my Office in order to secure the continued monitoring of our recommendations – one of the core functions vital to our effectiveness.

After scrupulously weighing the exigencies of an effective and yet lean internal oversight function against the severe budget constraints which the Organization continues to face, I have come to the conclusion that I will also have to request a few additional posts for the Audit and Management Consulting Division, in order to achieve an audit cycle of three to four years. It is my considered opinion that the interest of Member States and of the Secretary-General in promoting a culture of accountability and ensuring the adequacy and efficiency of internal controls will be well-served by such a modest increase in the internal audit resources.

OIOS has actively participated, in the past 12 months and earlier, in ongoing deliberations to strengthen oversight, internal as well as external, throughout the United Nations system. I have shared my specific experiences about the creation, the design and the working methods of this Office with colleagues from the multilateral oversight community and representatives of Member States, benefiting enormously from these exchanges of views. The sharing of "lessons learned" also enables us to produce better quality products for our clients.

Coordination between OIOS, the Board of Auditors and the Joint Inspection Unit has equally intensified. In our clients' views, there may still be an occasional overlap or duplication, but "oversight indigestion" a term which was coined at a well-attended conference last fall in Montreux, Switzerland, is probably more a matter of perception than reality.

I have become increasingly aware of the generic complexity of oversight in the public domain: to satisfy all constituencies is virtually impossible. At the same time, too high a level of satisfaction would be an indication that the effectiveness and independence of the oversight function have been compromised. I am confident that, so far, OIOS has struck the right balance.

(Signed) Karl Th. **Paschke**
Under-Secretary-General
for Internal Oversight Services

New York, 31 July 1998

I

General management of the Office of Internal Oversight Services

A. Introduction

1. The General Assembly, in its resolution 48/218 B of 29 July 1994, established the Office of Internal Oversight Services (OIOS), with the intention of enhancing oversight functions within the United Nations, in view of the increased importance, cost and complexity of the Organization's activities, through intensified evaluation, audit, inspection, investigation and compliance monitoring. The Assembly stressed the proactive and advisory role of the new Office and the expectation that it would give assistance and provide methodological support to programme managers in the effective discharge of their responsibilities. On 24 August 1994, by its decision 48/323, the Assembly approved the nomination of Mr. Karl Th. Paschke as Under-Secretary-General for Internal Oversight Services. He assumed his duties on 15 November 1994 for a non-renewable, non-extendable fixed term of five years which will end on 14 November 1999.

2. Since the adoption of General Assembly resolution 48/218 B, United Nations issuances have further explained the role of OIOS. The provisions in the Secretary-General's bulletin of 7 September 1994 (ST/SGB/273) describe in detail the mechanisms for implementing resolution 48/218 B and the scope of OIOS authority and responsibilities. The means for reporting matters to OIOS were set out in an administrative instruction (ST/AI/397) also issued on 7 September 1994. Terms of reference were further described within the United Nations legal framework in the information circular of 25 April 1996 (ST/IC/1996/29). To make OIOS operations transparent, OIOS has reviewed existing and developed new manuals. The internal audit manual of the Audit and Management Consulting Division has been substantially revised and is undergoing further review and revision. The Investigations Section manual was issued in the beginning of 1997 in English and French and is available on the Intranet. The Inspection manual will be issued shortly. Following workshops covering all major departments and duty stations, an evaluation manual, based on training materials developed in the workshops, will be published on the OIOS Web site.

3. The number of reports published by the Office of Internal Oversight Services has steadily increased each year since its inception: 12 in 1995, 13 in 1996, 16 in 1997 and an expected 20 in 1998. The proportion of these reports which were mandated has also increased each year, from exactly 50 per cent in 1995 to over 60 per cent in 1997 and 1998.

B. Monitoring implementation of the recommendations of the Office of Internal Oversight Services

4. Paragraph 28 of document ST/SGB/273 set out eight categories of information, listed as subparagraphs (a) to (h), to be included in OIOS annual reports. In terms of those eight subparagraphs, the information in the present report is as follows:

(a) and (b) A description of significant problems, abuses and deficiencies: see paragraphs 16 to 199;

(c) Recommendations not approved by the Secretary-General: none;

(d) and (e) Recommendations in previous reports on which corrective action has not been completed or where management revised a decision from a previous period: see appendix I;

(f) and (g) Recommendations on which agreement could not be reached with management or where requested information or assistance was refused: there have been no such situations;

(h) The value of cost savings recommended and amounts recovered: see box after paragraph 15.

5. As required by its mandate, OIOS reports to the Secretary-General on the status of implementation of its recommendations on a semi-annual basis. Two such reports have been submitted to the Secretary-General since the last annual report, covering the periods from 1 July to 31 December 1997 and from 1 January to 30 June 1998. A computerized monitoring system tracks recommendations issued by OIOS. The emphasis by OIOS on the full implementation of its auditing, inspection, evaluation and investigation recommendations has continued to cause changes within the management culture of the United Nations. The sense of responsibility and accountability thus instilled can be expected to reduce further the occurrence of abuse and to enhance the efficiency and effectiveness of management.

6. Starting on 1 July 1996, OIOS changed its monitoring policy and procedures with regard to the audit function. The new policy required that every audit assignment result in a final audit communication, normally an audit report. These final audit reports provide senior management with an objective assessment of the audited area and inform them about major findings and recommendations. OIOS reporting on the status of implementation of audit recommendations has been, therefore, limited in the four most recent semi-annual reports to substantive recommendations issued in such final communications. As a consequence, since 1 July 1996, the number of new recommendations has fallen considerably, as shown in the second box after paragraph 15 below. This table on audit recommendations shows an average implementation rate of 73 per cent of all recommendations (4,042) from 1 October 1994 to 30 June 1996. Even under the more stringent procedures, the implementation rate was 63 per cent at the end of June 1998 for the 1,415 audit recommendations issued from 1 July 1996 to 30 June 1998.

7. For the reporting period, the Investigations Section has issued 45 recommendations, of which 30 have been implemented, giving an implementation rate of 66 per cent. However, of the remaining 15 recommendations, all of those issued in the first half of the reporting period (a total of six) are in the process of being implemented. For the second half of the reporting period, only the nine recommendations issued to the International Criminal Tribunal for Rwanda remain outstanding. In general, receiving departments have accepted the Investigations Section's recommendations, but implementation is delayed for reasons that include the need to obtain additional funding or the assistance of the Office of Human Resources Management (OHRM) for implementation; for example, disciplinary processes are begun which take protracted periods of time. In terms of overall acceptance and implementation of recommendations, it should be noted that during the period from 10 October 1994 to 30 June 1998, the Investigations Section has achieved an 89 per cent implementation rate.

8. A review of follow-up activities for the inspection function is provided in paragraphs 160 to 167 below. Procedures for monitoring the recommendations in reports on in-depth evaluations have been established for many years. The Committee for Programme and Coordination receives a triennial review three years after adopting its decisions on the evaluation. The triennial review assesses compliance with those recommendations the Committee endorsed and, if necessary, makes recommendations for further action. During the intervening three years, progress in compliance is monitored. The two triennial reviews issued in this reporting period are discussed in paragraphs 41 and 42 and 194 to 196 below.

C. Enhancing internal oversight in the operational funds and programmes

9. During the reporting period, the discussion in the Fifth Committee of the Secretary-General's report on enhancing internal oversight in the operational funds and programmes has not significantly progressed. However, it should be noted that, in the meantime, many of the funds and programmes have been cooperating very closely with OIOS and, in particular, have been requesting the assistance of its Investigations Section.

10. The growing tendency of internal oversight bodies in the different parts of the United Nations family to work together, share experiences, benefit from lessons learned and help each other rather than accentuate border-lines is encouraging; this tendency was visible in a conference on oversight matters, which the Government of Switzerland sponsored at Montreux in October 1997, and also at the annual Meeting of Representatives of Internal Audit Services of the United Nations Organizations and Multilateral Institutions in May 1998 in Geneva.

11. As part of its efforts to strengthen oversight within the United Nations system, OIOS has concluded memoranda of understanding for the provision of internal audit services to the Office of the United Nations High Commissioner for Refugees (UNHCR); the International Trade Centre/UNCTAD/WTO; and the United Nations Compensation Commission. Audit services are also provided to the United Nations International Drug Control Programme and the United Nations Joint Staff Pension Fund. These arrangements have now been operational for more than one year and are showing positive results.

D. Guidelines on programme monitoring and evaluation

12. In November 1997, the Office of Internal Oversight Services and the Department of Management jointly issued guidelines to serve as a framework for programme monitoring and evaluation in departments and offices. The guidelines specify three types of broad managerial responsibilities, which constitute minimum monitoring and evaluation standards for heads of departments and offices, namely:

(a) Establishing a system for monitoring the progress of all assigned work against schedules and norms;

(b) Making a concerted effort to identify the main users of completed work and to keep track of the use they make of it and their reactions to it;

(c) Conducting critical reviews at least once every four years, that is, within the period covered by the medium-term plan, of the efficiency of each major activity and the effectiveness of its results.

In November 1997 the Office of Internal Oversight Services and the Department of Management jointly issued guidelines to serve as a framework for programme monitoring and evaluation in departments and offices. The guidelines specify three types of broad managerial responsibilities, which constitute minimum monitoring and evaluation standards for heads of departments and offices.

13. At present, as the Office's inspections and audit reports show, these responsibilities are not adequately carried out in many offices and departments, particularly those concerned with support services. To assist departments and offices in implementing the guidelines, OIOS is offering assistance in the form of monitoring software and training workshops. The first training workshop was given at the Economic and Social Commission for Asia and the Pacific in December 1997. Following a series of workshops covering all major departments and duty stations, an evaluation manual based on the training materials developed in the workshops will be published on the OIOS Web site.

E. Priorities

14. The first annual report of OIOS (A/50/459 and Add.1) identified three priority areas for oversight: peacekeeping, humanitarian and related activities and procurement. In the period covered by the 1996 report (A/51/432), the problem of establishing new bodies was also treated as a priority matter. That pattern of priorities remained unchanged for the period covered by the 1997 report.

15. The General Assembly, by resolution 51/241 of 31 July 1997, identified several areas that warrant more intensive review by the United Nations oversight bodies. Since many of these areas are in the field of human resources management, OIOS added this field to its oversight priorities.

Cost savings and recoveries resulting from actions of the Office of Internal Oversight Services, 1 July 1997–30 June 1998
(Millions of United States dollars)

Nature of financial implications	*Amount identified and recommended*	*Savings and recoveries*
Recoveries	10.2	5.9
Prevention of overpayment	0.5	1.0
Expenditure reduction	2.9	0.3
Prevention of excessive or unjustified expenditures	6.8	2.4
Additional income	0.7	0.6
Recovery of fraudulent amounts	0.1	0.1
Total	**21.2**	**10.3**

Implementation rates for audit recommendations of the Office of Internal Oversight Services

Period covered	*Total number of recommendations*	*Implementation rate as at*					
		31 March 1995	*30 September 1995*	*31 December 1995*	*30 June 1996 (Percentage)*	*30 June 1997*	*30 June 1998*
1 October 1994–31 March 1995[a]	1 343	15	45	50	84	84	84
1 April–30 September 1995	1 057	—	31	37	58	67	70
1 October–31 December 1995	480	—	—	59	59	66	66
1 January–30 June 1996	1 162	—	—	—	41	67	71
Total or average	**4 042**	**15**	**38**	**41**	**61**	**71**	**73**

[a] All recommendations for this period have been closed; no further follow-up criteria will be taken by OIOS.

Period covered	*Total number of recommendations*[a]	*Implementation rate as at*		
		31 December 1996	*30 June 1997 (Percentage)*	*30 June 1998*
1 July–31 December 1996	513	36	61	75
1 January–30 June 1997	298	—	48	70
1 July 1997–30 June 1998	604	—	—	43[b]
Total or average	**1 415**		**54**	**63**

[a] Reflects only those recommendations made in final communications, i.e. reports or memos to heads of departments or offices.
[b] Implementation rate based on recommendations for which replies were received as at 30 June 1998.

Nature of intended impact of the recommendations of the Office of Internal Oversight Services to United Nations managers, 1 July 1997–30 June 1998

Nature of intended impact	*Audit and Management Consulting Division*	*Central Evaluation Unit*	*Central Monitoring and Inspection Unit*	*Investigations Section*[a]	*Total*	*Percentage*
			(Number of recommendations)			
Improved operational efficiency or effectiveness	208	—	5	4	217	33
Improved management control	245	—	7	15	267	40
Improved management structure	24	—	3	1	28	4
Improved accuracy or reliability of financial or management information	76	—	—	—	76	11
Improved physical security or safety	10	—	—	2	12	2
Disclosure and correction of mismanagement	30	—	—	4	34	5
Disclosure and correction of misconduct or fraud	11	—	—	19	30	5
Total	**604**	**—**	**15**	**45**	**664**	**100**
Recommendations to the Committee for Programme and Coordination in evaluation reports		41				

[a] Published reports only, as listed in appendix II.

II
Priority areas for oversight

A. Peacekeeping

1. Audit coverage of peacekeeping operations

16. Audits of peacekeeping operations have continued to be a priority area for OIOS. In addition to audit coverage of the Department of Peacekeeping Operations (DPKO) at Headquarters, audits were conducted at 17 missions in the field during the reporting period. OIOS resident auditors posted to the United Nations Mission in Bosnia and Herzegovina (UNMIBH), the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES), the United Nations Angola Verification Mission (UNAVEM III)/United Nations Observer Mission in Angola (MONUA) and, most recently, at the United Nations Mission for the Referendum in Western Sahara (MINURSO) also provided continuous audit coverage at those peacekeeping missions.

(a) United Nations Peacekeeping Force in Cyprus

17. During a previous audit of the United Nations Peacekeeping Force in Cyprus (UNFICYP) in 1996, it was determined that the mission had an excessive number of local staff. Subsequently, the mission undertook a comprehensive review of its staffing needs and proposed the reduction of 86 posts (31.6 per cent of its local staffing) resulting in annual savings of approximately $1.9 million. This reduction is currently under way. However, a subsequent audit showed that further staff reductions are possible if some support functions were to be outsourced. This option has not yet been fully explored by the mission. DPKO stated in response that a military-civilian study, including a cost-benefit assessment, has been initiated and must be completed before outsourcing can be adopted.

18. The mission could not demonstrate that the provision of two helicopters under a Letter of Assist with a Government was the only viable and cost-effective option. The auditors recommended that other, less costly alternatives be explored. However, the mission determined that use of a commercial option would place unacceptable restrictions on its ability to operate.

19. In procurement, the auditors found that the shortcomings highlighted during a previous audit persisted. Purchase orders and contracts were sometimes issued without first raising requisitions and reserving necessary funds in the accounts. DPKO has informed OIOS that corrective action regarding these matters has been taken. Also, a contract for supply of petroleum, oil and lubricants should have been subject to rebidding. The mission responded that the supplier of those products had emerged as the lowest bidder during prior biddings, that the price difference between this and the second lowest bidder was minimal in the past and that the supplier maintained the same profit margin above the government controlled prices. DPKO has advised OIOS that a subsequent bidding exercise resulted in a higher price for those products. Nonetheless, the auditors believe that contract renewal should be competitively bid to ensure that the mission achieved the best terms and prices.

(b) United Nations Military Observer Group in India and Pakistan

20. An audit of the United Nations Military Observer Group in India and Pakistan (UNMOGIP) revealed that the authorized staffing table for local posts was exceeded by 10 positions or almost 25 per cent. There were excessive local staff in administration and controls over overtime and local travel were inadequate. Some of the positions were also redundant: two watchmen were retained at the New Delhi liaison office even after a security company had been hired for this function. The mission undertook to review its staffing situation to devise a proper solution. DPKO has informed OIOS that the mission has implemented measures to improve controls over travel and overtime.

21. The mission had inadequate control over use of its vehicle fleet, which was driven by the host country military drivers. This arrangement was not formalized in terms of third party liability. An official car was provided to the family of the Chief Military Observer on a full-time basis and without any reimbursement to the Organization. Management has taken corrective steps to improve controls in this area, and DPKO has informed OIOS that the Chief Military Observer has fully reimbursed the Organization for use of the vehicle.

22. The auditors found that expenses in connection with Post Exchange operations were not reimbursed to the Organization and that a number of construction renovation projects were carried out without contracts and specifications. There were instances of direct purchases by requisitioners, inadequately documented selection of vendors and the ordering of goods without competitive quotations. Following the auditors' recommendations, the mission

issued instructions to strengthen controls in procurement. Headquarters has also directed the mission to recover the costs of its Post Exchange operations. DPKO has informed OIOS that the mission is recording bids prior to awarding construction and renovation contracts.

(c) United Nations Angola Verification Mission/ United Nations Observer Mission in Angola

23. Audits of the United Nations Angola Verification Mission (UNAVEM III) and its successor mission, the United Nations Observer Mission in Angola (MONUA), disclosed notable improvements in the management of the support services contract, but some persistent weaknesses in procurement and financial management. A large number of requisitions were raised for goods and services that were not essential or urgently needed. When this was brought to the attention of the Mission's management, immediate steps were taken to cancel these requisitions, valued at more than $15 million, so that they did not result in financial commitments. DPKO has advised OIOS that these requisitions had been initiated by the respective sections, but disallowed during the review process owing to a lack of funding or other reasons. The requisitions never resulted in obligations and were subsequently deleted. The Tender Committee unduly delayed bid openings. Goods and services were often not procured from the lowest bidders and the related procurement files were incomplete, without an adequate audit trail. DPKO has informed OIOS that the statement that goods and services were not procured from the lowest bidder related to 14 cases, and that its review showed that these contracts were in fact awarded to the lowest bidder or to the lowest acceptable bidder on a proprietary basis, taking into account such factors as delivery time and transportation costs. OIOS, however, stands by its original conclusions. DPKO has also advised OIOS that the related files were being updated. Transportation and related services were procured and payments of $677,000 were made without following the applicable financial regulations, rules and procedures.

24. Problems in the Mission's accounting system, which persisted since its inception, still needed to be resolved. There were large balances of unliquidated obligations and accounts receivable. Obligations, which should have been either liquidated or cancelled, had been carried forward, and negative balances remained to be corrected. DPKO has informed OIOS that the Mission has undertaken a comprehensive review of unliquidated obligations. There were discrepancies between the accounts receivable statements and the supporting documents, rendering the related accounts unreliable. Though more than two years had elapsed since the setting up of the Mission's Pretoria office, appropriate procedures were yet to be established for claiming refund of value-added tax on its purchases. MONUA is attempting to reach agreement with South African authorities on value-added tax refund procedures. The spouses of the Mission's Chief Finance Officer and the Chief of General Services were employed in functions which could result in conflicts of interest. OIOS was advised by the management of the Mission that remedial steps have been either taken or initiated.

25. As requested by the General Assembly, OIOS reported during the fifty-second session on the findings and recommendations of previous audits of the UNAVEM III procurement process (A/52/881, annex). OIOS appreciates the timely implementation of the OIOS recommendations by the Mission and the Department of Peacekeeping Operations, which has contributed to improvements in the process. However, while action on some issues has been completed, there are a number of remaining issues that will be closely monitored by OIOS.

(d) United Nations Transition Mission in Haiti

26. An audit of the United Nations Transition Mission in Haiti (UNTMIH) revealed that, with the exception of the management of the Trust Fund for Electoral Assistance, the Mission's internal control environment was satisfactory. There were a number of cases of early repatriation of civilian police monitors who did not meet the required standards. In two such cases alone, additional costs to the Organization exceeded $154,000; the Mission should seek reimbursement of the costs from the Governments concerned. DPKO is attempting to recover these costs from the Governments involved.

27. There were violations of financial regulations and rules, weaknesses in management and a breakdown of internal controls in regard to the activities of the Trust Fund for Electoral Assistance. Although the activities of the trust fund were largely implemented through the Provisional Electoral Council, there was no legally binding arrangement with that organization. This resulted in an overall lack of control and serious difficulties in administering the Trust Fund. There was no clear segregation of certifying and approving functions in the Mission, expenditures were incurred in excess of allotments and an unreconciled discrepancy of almost $625,000 existed between the amounts advanced to, and accounted as received by, the Provisional Electoral Council. There were a number of other discrepancies and shortcomings in the Council's financial statements and inventory records and procurement was not

properly regulated. OIOS recommended that the shortcomings and irregularities in the management of the Trust Fund be examined for appropriate action and that the accounts be fully reconciled.

(e) United Nations Mission for the Referendum in Western Sahara

28. An audit of the United Nations Mission for the Referendum in Western Sahara (MINURSO) determined that the internal control in the Mission was generally satisfactory. However, there was scope for further improvement. In cash management, there were opportunities for increasing the interest income. Based on average monthly balances during 1997, the Mission had lost interest income of about $19,000 per year owing to the use of a non-essential non-convertible bank account that paid no interest. OIOS therefore recommended that the account be closed and its balance transferred to the interest-bearing convertible account. The audit also pointed out that the field accounts for each financial period should be closed promptly and the accounts should reflect the correct status of the receivables and payables for staff members and vendors. DPKO has informed OIOS that field accounts are currently being closed and will be submitted to Headquarters promptly.

29. In the area of facilities management, there was a need to establish and to enforce a clear policy concerning accommodations. According to DPKO, MINURSO has issued a comprehensive policy regarding accommodations. In personnel management, the audit disclosed that the staff shortages faced by the Identification Commission could be overcome by suitable retraining and redeployment of staff of the Mission. DPKO has informed OIOS that steps are being taken to address this situation.

(f) United Nations Truce Supervision Organization

30. Despite the fact that some of the outstations of the United Nations Truce Supervision Organization (UNTSO) are co-located on premises of the United Nations Interim Force in Lebanon (UNIFIL) and the United Nations Disengagement Observer Force (UNDOF), it continues to employ its own administrative and workshop personnel resulting in duplication of efforts and additional costs to the Organization. Arrangements should have been made with these missions to share personnel costs. Of the 30 international and local staff co-located with other missions, there is scope for a reduction to a minimal level. The Audit and Management Consulting Division (AMCD) also found that the staffing levels of the repairs and maintenance operation and engineering and building management, at the mission's headquarters, were also excessive; a reduction in staffing levels should take place. The mission's management responded that staff reductions at headquarters are justified but that staffing levels of outstations were necessary owing to the political situation, which remains sensitive and does not leave much scope for changing the delicate balance of operational and administrative arrangements. DPKO has also advised that UNTSO has initiated a study of staffing levels.

31. The AMCD review of the transport operations revealed that: (a) inefficient spare parts warehousing arrangements resulted in duplication of staffing; (b) there was an excessive inventory of infrequently used spare parts; and (c) the annual physical inventory count of spare parts was not properly planned or executed resulting in a lack of internal control. OIOS has been informed of corrective actions taken in these areas.

(g) United Nations Disengagement Observer Force

32. AMCD's review of the management structure of UNDOF found what amounted to a dual command structure between the civilian and military components that had diluted control of administrative and financial matters. In some cases the military component had total responsibility for decisions with financial implications without sufficient control by the chief administrative officer. For example, the necessity of the planned construction programme for new accommodations in the amount of $261,000 and recreation facilities of $48,000 had not been adequately reviewed by the civilian component. Furthermore, owing to the frequent rotation of military personnel and insufficient supervision by civilian personnel, United Nations administrative procedures were not always complied with. Management was in broad agreement with our recommendation to review the management structure of the mission.

2. Audits of mission liquidations

33. With several large peacekeeping missions in their liquidation or post-liquidation stages, OIOS placed particular emphasis on activities relating to missions that were closing and in the process of final accounting. OIOS audits of the liquidation of United Nations Peace Forces (UNPF) disclosed a need to strengthen collection efforts for large accounts receivable from military contingents and other organizations. DPKO has informed OIOS that cases requiring collection have been addressed. Serious administrative lapses occurred in implementing Board of Inquiry procedures which needed to be analysed in order not to repeat them in future missions. DPKO advised OIOS that implementation of those procedures has been strengthened.

An examination of payments for rations indicated that discounts of more than $700,000 could have been received if payment had been made promptly. An audit of military contingent claims for reimbursement of vehicle spare parts disclosed a pattern of unjustified claims by one contingent, thereby preventing more than $1 million in unfounded expenditures, which were later disallowed by DPKO. OIOS auditors also observed the auction for the sale of surplus UNPF property. Lessons learned during this process have been institutionalized in the Department's planning for auctions at other liquidating missions. In fact, OIOS resident audits of the UNTAES liquidation showed that the mission had adopted most of the OIOS recommendations in carrying out its auction of surplus equipment and supplies. However, some additional issues relating to the management of this auction are still pending.

An examination of payments for rations indicated that discounts of more than $700,000 could have been received if payment had been made promptly.

34. An audit of the United Nations Transition Mission in Haiti (UNTMIH) reported that, in order to ensure proper and prompt liquidation of the Mission, the accounts balances should be reconciled/settled early, the asset disposal plan realistically revised and pending cases of losses and damages to property settled expeditiously. OIOS recommended that, in revising the asset disposal plan, the Mission should carry out an economic analysis as to the viability of the planned shipment to the United Nations Logistics Base at Brindisi, Italy, to determine the feasibility of the projected sale to other United Nations agencies and non-governmental organizations in Haiti, and realistically to reassess the commercial disposal and the possibility of outsourcing the commercial sale of assets. DPKO has advised that these assessments have become established practice.

35. An audit of the post-liquidation status of the United Nations Assistance Mission for Rwanda (UNAMIR) showed there was scope for improvement in the planning and execution of the liquidation tasks, in order to ensure the expeditious and economical completion of the process. There was a lack of detailed guidelines for liquidating missions in order to facilitate proper closure and handover of field accounts to the Accounts Division. Significant account balances, relating to payables, receivables and inter-office vouchers, were yet to be adjusted/settled. The asset database remained unreliable and needed to be fully reconciled and updated.

36. OIOS was advised that the Accounts Division, in consultation with the Department of Peacekeeping Operations, was preparing guidelines for liquidating missions; and that the processing of inter-office vouchers was under review to ensure its streamlining. That Division further advised OIOS that with the implementation of the Integrated Management Information System (IMIS) in 1996, a significant backlog had developed in the reconciliations of inter-office vouchers. In order to overcome this backlog, a task force has been set up with priority assigned to those missions in liquidation.

3. Reimbursement of subsistence expenses

Overpayment of mission subsistence allowance at the United Nations Iraq-Kuwait Observation Mission

37. Previous audits of the United Nations Iraq-Kuwait Observation Mission (UNIKOM) conducted in 1993 and 1995 disclosed a pattern of incorrect payments of mission subsistence allowances (MSA) to the mission's personnel. These payments continued despite recommendations made by the auditors. The resulting overpayments, as calculated by the Mission, amounted to $6.3 million. Following repeated warnings, these incorrect payments were finally halted and recovery of the overpayments started in 1996. At the request of the Office of the Secretary-General, OIOS conducted another review to determine personal responsibility, if any, for the incorrect application of MSA entitlements, and to verify the amounts refunded and those still due to the Organization. Although this review has not yet been completed, OIOS determined that, as of the date of the present report, approximately 13 per cent of the total overpayments have been recovered, representing 81 per cent of the overpayments to civilian personnel but only 2.5 per cent of overpayments to military personnel. It should be noted that the recovery of MSA overpayments from UNIKOM staff members is the subject of an appeal before the United Nations Administrative Tribunal, which is awaiting judgement.

Excessive mission subsistence allowance rates at the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium, the United Nations Mission in Bosnia and Herzegovina and the United Nations Preventive Deployment Force

38. The audits of UNTAES, UNMIBH and the United Nations Preventive Deployment Force (UNPREDEP), the three missions in the former Yugoslavia, revealed that MSA

rates, which had been established by the Office of Human Resources Management based on information provided by the missions, were set at higher rates than the daily subsistence allowance (DSA) rates, as established by the International Civil Service Commission (ICSC) for these locations. OIOS considered this situation to be anomalous, since MSA rates are payable to mission staff who stay in the mission areas for extended periods of time and thus can avail themselves of longer-term accommodation available at lower cost than those normally available for short-term visits. Other living expenses would normally also be lower for the mission personnel than for visitors paid DSA. Although aware that MSA rates should be reviewed in cases where they are higher than the DSA rates, owing to a critical staffing situation, the Office of Human Resources Management had not performed the necessary cost-of-living surveys to determine the appropriateness of the MSA rates in these missions.

39. Following the OIOS recommendation, MSA rates were reviewed by the Office of Human Resources Management and the first 30-day rates were reduced for UNTAES and UNMIBH effective 1 May 1998, thereby resulting in annual savings to the Organization of $1.3 million. However, based on a request from the UNPREDEP administration, no reduction was made in the MSA rates payable to UNPREDEP staff, pending a field survey. Thus, the UNPREDEP staff continued to receive MSA of $120 for the first 30 days and $90 per day thereafter, even though the DSA rate for the first 60 days has been set at $82 per day. DPKO has informed OIOS that the field survey has been completed and that the MSA rate was subsequently reduced to $68 per day, resulting in additional savings of $1.4 million annually.

Following the OIOS recommendation, MSA rates were reduced for UNTAES and UNMIBH effective 1 May 1998, thereby resulting in annual savings to the Organization of $1.3 million.

40. On this subject, ICSC has advised OIOS that although the Office of Human Resources Management is responsible for establishing MSA rates, the General Assembly requested the Commission to develop a proposal for a post allowance and a separate maintenance allowance for staff whose families remained at home. The Commission has examined a number of issues in connection with this review, including the relationship between MSA and DSA, and has requested its secretariat to monitor the harmonization of practices regarding the establishment of MSA.

4. Evaluation of the start-up phase

Triennial review of the in-depth evaluation of the start-up phase of peacekeeping operations

41. The report was submitted in accordance with the decision taken by the Committee for Programme and Coordination at its twenty-second session to review the implementation of its recommendations three years after taking decisions on an in-depth evaluation. The review concluded that the Department of Peacekeeping Operations had made a concerted effort to follow through on the recommendations. Significant progress was reported in connection with the development of a capacity to derive lessons from experience and of a ready capacity to act for the civilian police, information, planning, procurement and training functions. Recommendations were made on the Department's Resource Centre; translating the lessons of experience into practice; the designation of responsibility centres; and certain aspects of the information, military and financial functions.

Significant progress was reported in connection with the development of a capacity to derive lessons from experience and of a ready capacity to act for the civilian police, information, planning, procurement and training functions.

42. The Committee for Programme and Coordination discussed the report at its thirty-eighth session and endorsed all of its recommendations.[1]

B. Humanitarian and related activities

1. Office of the United Nations High Commissioner for Refugees

43. The Memorandum of Understanding between OIOS and the Office of the United Nations High Commissioner for Refugees (UNHCR) signed on 29 April 1997 provides that OIOS will ensure audit coverage for all UNHCR voluntary funds, against which programme expenditures of some $970 million were reported during 1997. Since UNHCR's operations are heavily field oriented and executed to a large extent by implementing partners (third parties), the Memorandum of Understanding aims at achieving a regular audit cycle for all UNHCR field programmes. During this reporting period, the first under the new audit arrangement, OIOS audits focused on UNHCR's overall programme administration both at Headquarters and in the field where

OIOS reviewed the country programmes for Angola, the Democratic Republic of the Congo, Egypt, Ethiopia, Hungary, Jordan, Myanmar, Namibia, Nepal, Rwanda, Singapore, South Africa, the United Republic of Tanzania and Thailand. OIOS recognizes that UNHCR's drive to decentralize management of its operations to the field has caused some short-term organizational problems. Over the longer term, however, these changes should serve to improve overall programme management and control.

44. The Memorandum allows UNHCR to request special OIOS assignments outside of the scope of the annual audit plan. During the reporting period, UNHCR requested a special review of the administrative activities of one of its major field offices. This in-depth examination disclosed irregularities in the contractual arrangements for air charters and the procurement of office furniture and equipment. Furthermore, weak internal controls in that office allowed for abuses of the use of satellite telecommunication systems. OIOS determined that, in particular, two senior UNHCR staff members had taken advantage of this situation. UNHCR has taken corrective action. Some $40,000 was recovered from the staff members and disciplinary action has been taken.

Implementing partner arrangements

45. Owing to the significance of the funds remitted to implementing partners (i.e., Governments and local and international non-governmental organizations) audit emphasis was placed on their operational activities on behalf of UNHCR. OIOS audits, once again, disclosed the need for UNHCR to ensure that its implementing partners strengthen their internal control systems and improve the accuracy and reliability of accounting information reported to UNHCR. Delays by implementing partners in meeting UNHCR financial reporting requirements have adversely affected UNHCR's ability to monitor project expenditures against outputs and the achievement of project objectives. The non-submission of audit certificates by implementing partners required under UNHCR agreements has also been a persistent compliance problem. UNHCR has emphasized the importance of these audit certificates to its implementing partners and has attempted various measures to overcome this deficiency. As an initial step in improving compliance, UNHCR has made audit certification mandatory for all programme activities undertaken by implementing partners.

46. Non-compliance by implementing partners with the provisions of their agreements with UNHCR has been subject to intensified remedial action by UNHCR. The problem often stemmed from the inadequate selection of implementing partners. UNHCR has recognized the need to adopt clear and effective selection guidelines and to make the selection process an integral part of its programme planning. To this end, UNHCR has advised OIOS that the submission of audit certificates is now a prerequisite for selecting implementing partners. Furthermore, failure to submit an audit certificate at the end of a project may result in the freezing of future payments to the implementing partner. Although in certain emergency operations UNHCR's choice of implementing partners is limited, a more proactive approach is now being used to search out dependable implementing partners.

OIOS audits, once again, disclosed the need for UNHCR to ensure that its implementing partners strengthen their internal control systems and improve the accuracy and reliability of accounting information reported to UNHCR.

Asset management

47. The management of UNHCR assets was an important focus of audits conducted during the reporting period. OIOS audits disclosed that the Asset Minder System, introduced by UNHCR to integrate data on all relevant assets, including those of implementing partners, is operational but still incomplete. For example, the system does not adequately reflect the location and status of the more than $200 million worth of assets in UNHCR's possession. In the opinion of OIOS, the lack of detailed management information adversely affects the control and redeployment of assets when programmes are modified or ended. Weaknesses were also identified in the physical controls over UNHCR assets. OIOS was informed that UNHCR was making the necessary modifications and improvements as part of its new Operations Management System.

Cash management

48. Cash management also continued to receive extensive audit attention. Audits of UNHCR's administration of fund transfers to field offices and implementing partners revealed that some implementing partners did not account for UNHCR funds separately from their other operational funds and that, often, no separate bank accounts were maintained for UNHCR funds. As a result, unspent cash balances reported at the end of the programme period could not be meaningfully reconciled with the financial records submitted to UNHCR. Also, many of the field programmes reviewed operated on a cash basis which, among other things, involved paying employees and suppliers in cash in

accordance with local practices and conditions. The audits revealed, however, that cash maintained at some field offices was not sufficiently protected. Measures must be taken by UNHCR to ensure that funds advanced to implementing partners are adequately separated in their accounts and that internal controls over cash operations are strengthened.

Procurement

49. UNHCR headquarters purchased an estimated $70 million worth of goods and services in 1997. OIOS audits revealed that the various UNHCR procurement activities were not effectively coordinated and that procurement rules and procedures were not always followed, particularly in field locations, where competitive bidding procedures were not systematically applied. In one major country programme, comparative offers were not always solicited in accordance with UNHCR procurement procedures and those offers received, owing to the absence of meaningful specifications, could not be effectively compared. Purchases of like items were sometimes made from different suppliers, without taking advantage of economies of scale and, in a few cases, quantities purchased exceeded requirements because existing stock balances were not considered. Also, there was a need for better coordination of procurement activities among implementing partners working within the same regions. UNHCR has taken measures to enforce the existing procurement guidelines to ensure more consistency and efficiency in the procurement process. UNHCR has pointed out that, in the longer term, the Supply Chain Project, one of its major change initiatives, is aimed at improving procurement activities, particularly in the field.

OIOS audits revealed that the various UNHCR procurement activities were not effectively coordinated and that procurement rules and procedures were not always followed.

Information technology management

50. An audit of UNHCR's information technology management found its initiative to develop an Operations Management System to be appropriate, but that more attention should be given to system development and changes to existing systems for the Euro currency and Year 2000 problems. A comprehensive strategy and work plan for these activities also needs to be prepared. UNHCR's original plan to use some IMIS components as part of the Operations Management System had to be revised owing to the amount of time and effort needed to adapt IMIS and the adverse impact this would have on meeting the Operations Management System's target dates. UNHCR needs to revise its system development methodology for the Operations Management System to reflect the roles and responsibilities of users and to develop project management methodologies for implementing the system. UNHCR has further advised OIOS that significant efforts are being put into resolving Year 2000 issues. Project plans have been prepared by all service units and their progress is being monitored. Furthermore, Euro conversion, which affects only a small number of systems, is well under way and there are no major obstacles envisaged at this stage. Plans indicate completion of all project tasks by the end of 1999. Also, according to UNHCR, it has decided not to use IMIS features, which lack field based functionality. Instead, these functionalities will be included in UNHCR's new Operations Management System.

2. Office for the Coordination of Humanitarian Affairs

51. The Voluntary Trust Fund for Assistance in Mine Clearance was established by the Secretary-General on 30 November 1994 to enhance the United Nations capacity for assistance in mine clearance. OIOS audits of two of the Trust Fund's field activities, the mine action centres in Croatia and in Bosnia and Herzegovina, identified common deficiencies in areas such as budgetary control, procurement and property control. The audits disclosed that the former Department of Humanitarian Affairs did not provide the mine action centres with formal allotment documents. Owing to the division of responsibility for recording of expenditures and the lack of timely expenditure reports, insufficient information was available to the field certifying officers to properly execute their functions. Inventories of non-expendable property were not properly established or maintained and additional expenditures were incurred as a result of delays in the preparation and submission of requisitions. OIOS recommendations emphasized the importance of official allotment advices, timely provision of expenditure performance reports and greater planning in the procurement process. The Department of Humanitarian Affairs generally agreed to act on these recommendations. Subsequently, in October 1997, responsibility for the administration of the mine action centres was transferred to the Department of Peacekeeping Operations.

52. The Office for the Coordination of Humanitarian Affairs reports that it has since taken measures to ensure full compliance with OIOS recommendations concerning procurement planning and the maintenance of inventory

records. With regard to budgetary controls, the Office confirmed that some delays were experienced in providing IMIS expenditure reports to the field, but that this situation has since been resolved.

53. During the reporting period, OIOS also conducted a comprehensive audit of the Voluntary Trust Fund for Assistance in Mine Clearance and will report on the results of this audit in its next annual report.

3. United Nations Office of the Humanitarian Coordinator for Iraq

54. The United Nations Office of the Humanitarian Coordinator for Iraq was established to facilitate the implementation of the Oil for Food Programme, as established by Security Council resolution 986 (1995). Owing to the extremely large revenue objectives (over US$ 2 billion per quarter) and the complexity of the Organization's responsibilities under the resolution, in April 1997, OIOS assigned a resident auditor to the Office to help ensure that these mandated functions were carried out efficiently and effectively.

55. During the reporting period, the OIOS resident auditor reviewed the Office's internal control systems and procedures in the areas of administration and finance, procurement, personnel, transport, communication and contract management and issued some 13 audit observations for management's attention. In one case, for example, the resident auditor found that a lack of coordination between the then Department of Humanitarian Affairs and the Office of the Coordinator had resulted in the purchase of computers, excessive both in number and capacity, for administration of the programme. Management has generally been responsive to the issues raised by OIOS and, following implementation of the audit recommendation to transfer the unneeded equipment to other missions, the programme's accounts were credited for the savings, which amounted to $229,000.

4. Office of the United Nations High Commissioner for Human Rights

56. To ascertain the degree of departmental compliance with recommendations emanating from earlier inspections, the Central Monitoring Inspection Unit established a set of benchmarks against which the degree of compliance could be reviewed. Further progress has been made in addressing the recommendations of the OIOS inspection of the Centre for Human Rights (see A/49/892). The process of restructuring the programme of work and the organization of the Centre, which was initiated in 1994 in the light of the results of the inspection, culminated in the approval of the new structure of the Office of the United Nations High Commissioner for Human Rights in the Secretary-General's Bulletin of 12 September 1997 (ST/SGB/1997/5). As a result of the restructuring, the human rights programme now has a medium-term plan which corresponds to the Vienna Declaration and Programme of Action as well as other mandates, a budget structure which fits the objectives of the medium-term plan and a secretariat structure which is congruent with the budget structure.

57. During the transition period, progress has been reported in addressing OIOS recommendations relating to programme planning, monitoring and evaluation practices. Weaknesses in programme oversight identified in the Office's initial submission to the Secretary-General's report on programme performance during the biennium 1996–1997 were corrected in a subsequent submission. The post of Management and Planning Officer has been established in the Office of the United Nations High Commissioner for Human Rights, although at a lower level than had been recommended, given severe resource constraints. The High Commissioner reported ongoing efforts to redefine the goals of the Office and to develop a set of performance measures and targets to be monitored in monthly progress reports.

5. The United Nations Relief and Works Agency for Palestine Refugees in the Near East

58. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) has initiated demonstrable action to address the core recommendations emanating from the inspection review of the management and administrative practices undertaken at the request of the Secretary-General in 1995. As part of management restructuring, new committees have been established to provide for greater participation and more transparent management. The Agency's financial difficulties have not allowed for widespread structured staff training, though more modest training programmes on computer skills and English language training are being offered. Efforts to strengthen the audit functions have been undertaken, including the establishment of an Audit Committee. A Policy Analysis and Planning Unit has been established at headquarters, Gaza, to enhance the monitoring and evaluation of the implementation of programmes. Restructuring related to a 15 per cent reduction in international staff has been completed. Internal reviews to identify remaining areas for urgent action are being carried out on a continuous basis. In spite of the above-listed initiatives, UNRWA remains burdened with lingering management problems that primarily stem from the complex

political environment in which the Agency functions and its severe budget constraints.

59. OIOS will continue to provide assistance to UNRWA, particularly in investigative matters.

C. Procurement

1. Procurement reform

60. Procurement continues to be a high priority oversight area for OIOS. During the reporting period, OIOS conducted an audit to assess progress made in procurement reform by implementing the recommendations made by the High-Level Group of Experts on Procurement in its December 1994 report. OIOS reported to the General Assembly in March 1998 (A/52/813) that substantial progress had been made since the Group of Experts first reported its findings. The Procurement Division was reorganized, procurement staff received training, the delegation of procurement authority has been adjusted and new procurement guidelines were finalized. Notwithstanding these positive developments, OIOS believes that additional efforts are needed to further strengthen the overall procurement process.

Substantial progress had been made since the Group of Experts first reported its findings. The Procurement Division was reorganized, procurement staff received training, the delegation of procurement authority has been adjusted and new procurement guidelines were finalized.

61. OIOS believes that fast track procurement procedures and the granting of greater delegation of financial authority are issues of major importance, especially for peacekeeping missions. OIOS had previously recommended that special emergency rules and procedures should be developed to meet the operational needs of the Department of Humanitarian Affairs and the Department of Peacekeeping Operations. Pending the development of special rules and procedures, OIOS believes that implementation of its recommendations could shorten lead times and contribute to more timely and effective procurement services.

62. During its fifty-second session, the General Assembly adopted resolution 52/226 of 27 April 1998 on procurement reform and outsourcing, which served to further reinforce the procurement recommendations made by OIOS.

63. For information concerning procurement in UNHCR, see paragraph 49 above.

2. Commercial insurance

64. At the General Assembly's request, OIOS audited the Organization's commercial insurance arrangements and expenditures, which exceeded $1.5 million in 1997. The audit identified a series of problems relating to such matters as risk management, competitive bidding, asset valuation and the Insurance Section's resources and organizational placement. To address these shortcomings, OIOS recommended developing and implementing an Organization-wide risk management policy; relocating commercial insurance responsibilities to the Office of Central Support Services; performing comprehensive risk assessments of the foreign property and de-mining liability programmes; launching a comprehensive broker competition exercise; and assessing the self-insurance fund with a view to eliminating or reducing the annual $200,000 budget allocation. The final report on this audit was originally scheduled to be issued during the General Assembly's resumed fifty-second session. The final report on this audit will be submitted to the General Assembly during its fifty-third session.

The audit identified a series of problems relating to such matters as risk management, competitive bidding, asset valuation and the Insurance Section's resources and organizational placement.

3. The rental and management of space at Headquarters

65. The OIOS audit of the rental and management of space at United Nations Headquarters indicated that the Organization may have been overcharged as much as $7 million over a 12-year period in respect of its share of the annual operating expenses of one building leased by the United Nations, due to the landlord's use of incorrect data to establish the rental amounts payable. As recommended by OIOS, efforts have been initiated by the Department of Management to recover the amounts overcharged. Also, as a result of delays in obtaining funding for occupying the premises at another leased building, the Organization was prevented from utilizing a substantial portion of a $1.9 million construction allowance provided by the landlord to reimburse the United Nations for the cost of effecting required modifications to the premises. Moreover, the audit showed that the Organization is paying real estate taxes of about $1.7 million a year in respect of all its rented premises. In this regard, OIOS recommended that the Organization

explore with the host country the feasibility of obtaining exemption from such taxes paid as part of the rental amounts.

4. Investigations of aviation services

Vendor misconduct

66. In April and June of 1997, OIOS produced and transmitted to concerned programme managers four interim reports relating to aviation services. These reports provided recommendations to substantive departments on measures to improve current aviation procurement and management, as well as identifying problems with several vendors engaged in United Nations aviation contracts. As a result, several departments have changed internal policies and practices, thus improving the way the United Nations manages aviation services in field missions.

These reports provided recommendations to substantive departments on measures to improve current aviation procurement and management, as well as identifying problems with several vendors engaged in United Nations aviation contracts.

67. The reports led the Organization to suspend preliminarily three vendors for certain activities while the Organization provided the vendors with an opportunity to present their views on these activities. As stated in the OIOS reports, these activities included seven instances of misconduct by one vendor, such as knowingly lodging false documentation to the United Nations relating to aircraft certification, attempts to manipulate the United Nations bidding process and the harassment of another United Nations aviation vendor. In addition, an affiliate of the above-mentioned vendor was asked to respond to four allegations, also involving the lodging of false aircraft certification documentation and involvement in the harassment of another United Nations aviation vendor. A third aviation vendor was asked to respond to an allegation of filing a false claim of bias to assist another vendor improperly to obtain access to United Nations aviation contracts. After review by the relevant substantive departments on the content of the responses from the vendors, the Under-Secretary-General for Management decided to continue the suspension of the first-mentioned vendor until 27 May 1999, making the total suspension period two years. At the time of writing, decisions concerning the remaining two vendors are pending.

Aviation procurement in peacekeeping missions

68. The General Assembly in resolution 51/231 of 13 June 1997, requested OIOS to conduct an inquiry into an observation by the Board of Auditors relating to the insufficient use of expertise in procurement planning in eight peacekeeping missions which had led to payments for aircraft services not utilized.

69. OIOS found that losses had occurred due to the overestimation of required flight hours per month. However, there were several mitigating factors that had to be considered. During the period 1990–1995, the United Nations experienced a significant increase in the number of peacekeeping missions established around the world. OIOS found that, in the area of aviation procurement, the United Nations had moved during the period from stable, long-term contracts under Letters of Assist with Member States, to the competitive world of commercial aviation procurement. Staff responsible for aviation contract procurement and management were not suitably qualified, experienced or sufficient in number to handle the task of obtaining a large number of aircraft at short notice. To further complicate the process, the mandates of these new missions were regularly changed and no long-term budget allocations were approved to provide the degree of stable planning necessary for the cost-efficient procurement of aviation services.

70. Since 1995, the Organization has instituted measures to better manage aviation procurement, especially in the planning phase, to the point where, currently, less than one per cent of all aviation services could be listed as underutilized. The Organization has now recruited more experienced and professional staff to manage the procurement of aviation services and this, coupled with a reduction in peacekeeping missions, has resulted in a professional approach in this field.

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D. Problems in establishing new bodies

1. General observations

71. As the United Nations has continued to establish important new bodies, the oversight role of OIOS has expanded to address these developments and the

implementation of the new mandates. For example, OIOS has reported to the General Assembly on the operating of both the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia. As noted below, in the case of the International Criminal Tribunal for Rwanda, improvements have resulted from the implementation of OIOS recommendations. Monitoring of both International Tribunals will continue in the next reporting period, with a close review of the International Tribunal for the Former Yugoslavia, scheduled before the end of 1998. The lessons learned from OIOS examination of these two International Tribunals may also serve to assist in better preparation and development of the new International Criminal Court. Audits of two other recently established bodies, the United Nations Framework Convention on Climate Change and the Convention of Migratory Species of Wild Animals, showed that these bodies were experiencing difficulties in establishing functioning systems of internal control. Weaknesses were disclosed also in personnel administration, procurement and property management.

The lessons learned from OIOS examination of these two International Tribunals also may serve to assist in better preparation and development of the new International Criminal Court.

2. International Criminal Tribunal for Rwanda

72. In February 1997, the Secretary-General transmitted to the General Assembly the report of the Office of Internal Oversight Services on the audit and investigation of the International Criminal Tribunal for Rwanda (A/51/789). That report contained the findings and recommendations emanating from a review conducted in October 1996 by a joint team of auditors and investigators of OIOS. As envisaged in that report, OIOS conducted a follow-up review of the International Criminal Tribunal during September and October 1997, in order to ascertain whether the problems it had identified had been or were in the process of being effectively addressed and whether its 26 recommendations had been implemented. The follow-up review was carried out in Arusha, United Republic of Tanzania, Kigali, Rwanda, The Hague and New York (see document A/52/784).

73. In a number of important ways, OIOS found that the Tribunal was functioning far more effectively than it had the previous year. The Office of the Prosecutor had new vitality and a new prosecutorial strategy, which paid substantial dividends. In large measure this success has been attributed to the new Deputy Prosecutor who, with the support and approval of the Prosecutor, had reorganized and energized the Office of the Prosecutor so that it could pursue its mission with greater effect. A new attitude in the Registry fostered more cordial relationships with the Chambers and the Office of the Prosecutor, and the assistance provided by the Secretariat, primarily by the Department of Management and the Office of Legal Affairs, contributed significantly to improvements in the functioning of the Tribunal. The roles and functions of the Registry have been clarified with the advice of the Office of Legal Affairs. The heads of the three areas concerned meet regularly and have established means of working with each other. Two courtrooms are operating and concurrent trials are being held. Interaction with the staff of the International Tribunal for the Former Yugoslavia has increased significantly, with both Tribunals receiving benefits from the joint training sessions, conferences, meetings and ongoing dialogue on issues of mutual concern.

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74. However, OIOS observed continuing problems in areas it reported on previously: procurement, recruitment, personnel, witness protection and asset management. Efforts are under way to improve those functions. In addition, OIOS has recommended and the International Tribunal for Rwanda has undertaken, corrective action in the following areas: trust fund operations, defence counsel management and press and public affairs. The report included the finding that the Chief Finance Officer violated the financial rules and personally interfered in the procurement process. The OIOS investigation also found that the legal adviser to the Registrar had engaged in improper financial transactions with two defence attorneys from whom he had received payments totalling $ 3,000; the Registrar conducted his own review and found that the transactions had occurred but that they were not improper although they could compromise the procedures of the Tribunal and should have been avoided. OIOS and the Registry are continuing discussions on this matter. In addition, the OIOS review found that United Nations rules for procurement were disregarded; the vacancies in both the Registry and the Office of the Prosecutor had not been filled and this had adversely affected the ability of the Tribunal to function at full capacity; the Finance Assistant, whose termination was recommended in the prior OIOS report for having taken double salary advances and who has further demonstrated his unfitness for posts involving the management of Tribunal

funds, has not been subject to any disciplinary action. Recent communication from the Registrar indicates that he does not fully agree with all these findings.

Bribery case in the International Criminal Tribunal for Rwanda

75. In late 1997, the Investigations Section of OIOS conducted an inquiry into allegations of bribes or kickbacks being required from contractors by two individuals in the Building Services Division of the International Criminal Tribunal. The evidence adduced by OIOS confirmed that a Special Service Agreement consultant and a staff member of the Tribunal did solicit bribes – in the form of cash and goods – from persons seeking to do business with the Tribunal. As a result, OIOS, on 16 December 1997, recommended that the Registry renew neither the consultancy nor the staff member's contract, both of which were expiring in December 1997. In May 1998, the Registrar terminated both the consultancy and the monthly renewable contracts of the two staff members.

E. Human resources management

1. General observations

76. The inefficiency of a great deal of administrative activity in the United Nations is perhaps the main impediment to efficiency in its substantive work and operations. OIOS has now begun to conduct management audits of common and support services. The first such audit, on the recruitment process, is described below. It was only after this audit was conducted that the average time taken to recruit a new staff member (461 days) became known, although the frustration of managers with the time and effort needed to recruit a new staff member had been widespread in the United Nations for decades. The challenge for managers of support activities over the next few years will be to conduct similar analyses for each key administrative process, to derive from these analyses a realistic understanding of current performance, and, on that basis, to set norms and standards for the services provided by the Department of Management.

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2. The recruitment process

77. In August 1997, OIOS completed a management audit of the recruitment process at United Nations Headquarters which examined the following issues:

(a) The efficiency of the recruitment process;

(b) Methods used for identifying qualified candidates;

(c) The Cluster system of management in OHRM;

(d) Human resource planning;

(e) Delegation of authority.

As part of their examination of the efficiency of the process, the auditors made use of information in the OHRM recruitment tracking database. All recruitment cases in the database were reviewed and an average processing time for each stage calculated.

The recruitment process at United Nations Headquarters

Stage of recruitment process	*Average number of days taken to complete stage*
Classification of post	37.5
Preparation of vacancy announcement	44.6
Circulation of vacancy announcement	30.7
Screening of curricula vitae	19.3
Review by substantive department	120.6
Presentation to appointment body	86.9
Review by appointment body	63.7
Review and approval of recommendation of appointment body	21.2
From approval to entry on duty	35.9
Total	**460.5**

Source: OHRM internal records.

78. The audit, while recognizing attempts to streamline and re-engineer recruitment, showed that the process lacked transparency and was cumbersome and time consuming. The audit identified deficiencies in the recruitment process, including inadequate methods for identifying qualified candidates, inefficient pre-employment clearances, and inadequate delegation of human resources management authority. The audit showed that the new initiatives, while headed in the right direction, lacked sufficient institutional support. OIOS recommendations included the computerization and integration of databases; the

simplification of post classification procedures; the elimination of recruitment steps that add no value to the process; and the updating of the personnel manual in respect of recruitment procedures. These recommendations have yet to be implemented. However, the Department of Management has informed OIOS that measures are being taken to reduce recruitment delays. These include a four-week deadline for receiving departmental recommendations, faster presentation to appointment and promotion bodies and continuous follow-up on their reviews.

3. Management of extrabudgetary posts

79. An OIOS audit examined the use of extrabudgetary posts in the Secretariat of the United Nations. With the increasing reliance on extrabudgetary funding to finance peacekeeping and humanitarian assistance activities, extrabudgetary posts have become an institutionalized part of the Organization's core resources base. Many of the posts paid out of programme support funds were created to provide services on a continuous basis. The audit showed that existing guiding policies for engagement against extrabudgetary posts were ill-defined and that implementation of those policies was inconsistent. The audit also highlighted the inefficient practice of linking appointment duration to the length of approved extrabudgetary funding. The result was frequent contract renewals, which were shown to be administratively costly as well as having a negative impact on staff motivation and the ability of programme managers to achieve goals. OIOS recommended abolishing this mechanical linking of appointment duration to the approved funding period; automating the contract renewal process; and eliminating interim performance evaluations. Management cautioned that repeated extensions of a longer duration would lead to the accumulation of common staff benefits. However, in reality, such costs arise even with the linking of the length of appointment to the approved funding period.

With the increasing reliance on extrabudgetary funding to finance peacekeeping and humanitarian assistance activities, extrabudgetary posts have become an institutionalized part of the Organization's core resources base.

80. In addition, the report recommended compiling a global staffing table of all extrabudgetary posts in the Secretariat; explicitly documenting the relevant budgetary considerations for extrabudgetary post appointments consistent with personnel policies on recruitment, renewal and reappointment; and establishing authority for the OHRM to approve blanket extensions on extrabudgetary posts for up to two years, with such authority being delegated to executive officers. The Department of Management has not yet developed a coordinated position concerning the issues raised in the report or implemented the report's recommendations. OIOS believes that the existing issues concerning the Organization's usage of extrabudgetary posts can be resolved through a collaborative effort of the human resources and budget offices concerned.

4. Consultancies

81. Pursuant to General Assembly resolution 51/221 B of 18 December 1996, OIOS conducted an audit of the use of consultants and associated contractual procedures in the United Nations. During 1996, the Organization employed some 2,675 consultants at a cost of $19.4 million. The audit results found no indication that any of the consultants had been engaged to carry out work previously performed by staff on posts. The audit did, however, show deficiencies in the recording and reporting of consultancies, due, in part, to the interchangeable use of the terms "consultant" and "individual contractor". The audit also identified a need to strengthen the procedures for the engagement of consultants to ensure consistency in the determination of remuneration, as well as the selection of candidates, with due regard to geographic balance. OIOS recommended the use of computerized rosters for consultancy candidates and the Secretariat-wide use of IMIS to ensure the uniform recording and analysis of consultancy data. OHRM has initiated various steps to implement the OIOS recommendations, including a special task force review of the issues raised, the adoption of new control procedures and the issuance of a revised administrative instruction on the use of consultants. The Department of Management has informed OIOS that OHRM has prepared new guidelines on the engagement of consultants and individual contractors, which reflect OIOS recommendations concerning data collection, the keeping of rosters, discontinuing special service agreements and related matters. The guidelines will be issued in the near future as a General Assembly document for the consideration and approval of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Fifth Committee.

5. Rental subsidy

82. OIOS conducted an audit of the rental subsidy schemes at United Nations Headquarters and in Israel, the duty station away from Headquarters with the highest number of rental subsidy cases. The audit found that, in general, the processing and monitoring of rental subsidies were satisfactory. However, the existence of two separate rental subsidy schemes has given rise to less favourable terms in Europe and North America than at duty stations elsewhere. The audit also showed that the existing administrative instructions do not reflect changes in salaries and allowances and housing market conditions. Cases were also identified where, contrary to the governing administrative instruction, locally recruited staff members at United Nations Headquarters were paid rental subsidies. OIOS recommended the consolidation of the two rental schemes into one and the updating of relevant administrative instructions to clarify the terms of eligibility and reflect changes in salary, allowances and housing market conditions.

III
Summary of major activities by oversight function

A. Audit and management consulting

1. General developments

83. During the reporting period, audits conducted by the Audit and Management Consulting Division covered the activities of the Secretariat, including administrative support operations, security and safety services, peacekeeping missions and technical cooperation projects; the United Nations Offices at Geneva, Nairobi and Vienna; the Economic Commission for Latin America and the Caribbean (ECLAC); the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Economic and Social Commission for Western Asia (ESCWA); the United Nations Environment Programme (UNEP); the United Nations Centre for Human Settlements (Habitat); the Office of the United Nations High Commissioner for Refugees (UNHCR); the United Nations Compensation Commission (UNCC); the United Nations Framework Convention for Climate Change (UNFCCC); the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia.

84. The work of the Division was guided by a newly developed medium-term audit plan covering the four-year period from 1998 to 2001. The plan applies a risk assessment formula to the entire universe of United Nations entities to be audited by OIOS, and also ensures that all parts of the Organization are normally audited on a cycle of no more than four years, with high risk operations being audited more frequently.

85. On several occasions, audit reports were delayed because auditees did not respond in a timely manner to OIOS requests for information or comments. OIOS will continue to monitor and report on any problems affecting the timeliness of its reports.

86. The Division audited assets of $147 million, income of $36 million and expenditures totalling $1.2 billion. These audits identified about $20.7 million in potential savings; about $9.9 million in savings and recoveries were realized from actions recommended during this and prior periods. OIOS continues to use a conservative approach to estimating cost savings and has implemented a number of changes in its recommendation monitoring system to improve tracking and reporting of the causes for the problems identified and the impact of management's remedial actions.

87. The Division placed increased importance on management audits as a means to improve the overall administration and management of the Secretariat of the United Nations. During the period under review, OIOS conducted management audits of commercial insurance programmes, staff recruitment processes, management of extrabudgetary posts and security and safety services in the Secretariat. Moreover, OIOS has continued to report to the General Assembly its major findings and recommendations on such topics as the status of procurement reform; the administration of United Nations regional commissions; the engagement and use of consultants; and the management of the second United Nations Conference on Human Settlements.

The Division placed increased importance on management audits as a means to improve the overall administration and management of the Secretariat of the United Nations.

88. Special emphasis has also been given to monitoring the Organization's implementation of operations improvement and reform initiatives. Consistent with its role of providing advisory services to management, staff from the Division's Management Audit Section participated as observers at the OHRM reform working groups on conditions of service and recruitment. In addition, they participated in the results-based budgeting task force, making presentations at the results-based budgeting workshop, held in May 1998, and to senior staff at ESCAP in June 1998.

Special emphasis has also been given to monitoring the Organization's implementation of operations improvement and reform initiatives.

89. During the period under review, the Audit and Management Consulting Division began 118 audit assignments as follows:

Headquarters section	14
Peacekeeping section	39
Field section	15
Electronic data-processing audit section	6
Management audit and consulting section	7
European section	13
African section	7
OIOS/UNHCR audit section	17
Total number of assignments	**118**

90. These audits resulted in 64 audit reports addressed to senior management. In addition, over 200 audit observations and other communications were issued. The audit reports contained a total of 604 recommendations. Although this represents a reduction in the number of recommendations reported in prior years, it should be emphasized that this was the result of an OIOS policy decision to focus its monitoring activities on those recommendations contained in its final audit reports.

91. The 604 key recommendations contained in audit reports can be categorized by the following objectives:

Compliance with rules, regulations and policies	136
Economic and efficient use of resources	159
Protection of assets	54
Reliability and integrity of information	96
Achievement of objectives	159
Total recommendations	**604**

92. Recommendations were made in the following functional areas:

Programme/project management	131
Procurement	53
Property management	95
Cash management	29
Information systems	26
Financial accounting/reporting	108
Personnel, payroll and travel	162
Total recommendations	**604**

93. The Division operated with a vacancy rate of about 13 per cent, notwithstanding its vigorous recruitment and promotion activities during the period. As of 30 June 1998, the Division had filled 53 of its 61 Professional posts. Women held 17, or 32 per cent, of the 53 encumbered Professional posts as of 30 June 1998, including the position of Director and two section chief positions. OIOS is still in the process of filling several vacancies in the Division.

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94. The Division continued its training strategy of combining on-site audit training focused on technical skills development and individual training in areas such as computer applications, audit sampling and improving managerial skills. A training priority during the past year was to strengthen the Division's customer focus in order to better serve clients' needs. Towards that end, training courses were devoted to internal consulting, client orientation, goal setting and interpersonal effectiveness. Audit staff also participated in discussions and training sessions with managers from other United Nations departments on the Organization's reform efforts, people management and improving internal controls. Division staff also attended a number of conferences and seminars sponsored by professional associations.

2. Significant findings and recommendations

Security and Safety Service

95. During the reporting period, OIOS conducted a management audit of the Security and Safety Service. The Service is charged with ensuring a secure and safe environment in the Secretariat and at other United Nations premises. For the biennium 1996–1997, the total cost of the function amounted to $25 million, with 94 per cent representing staff-related expenses. The Service executed a number of initiatives and improvements, despite a lack of financial and operational support. In addition to being inadequately staffed and funded, the function itself was generally accorded a relatively low priority. OIOS made a number of recommendations to enhance physical security, which included redesign of the exterior fence, installing an

alarm sensor, improving exterior camera coverage, upgrading or replacing the closed-circuit television system, exploring the feasibility of developing an explosive device detection programme and restricting pedestrian access to the garage. The audit also identified several specific steps to be taken to improve the qualifications of security officers and to achieve stricter security enforcement and a stronger commitment to security at all levels. The Office of Central Support Services, in its comprehensive response to the audit, agreed to implement most of these recommendations over the next five years. However, since many of these enhancements require capital funding, the Office of Central Support Services will develop a submission for integration into the Capital Master Plan.

The Service executed a number of initiatives and improvements, despite suffering from a lack of financial and operational support.

Trust Fund for the Fiftieth Anniversary of the United Nations

96. An audit of the Trust Fund for the Fiftieth Anniversary of the United Nations showed that the Trust Fund had successfully achieved its main objectives: raising about $11.7 million in donations to the Fund and the related Foundation for the Fiftieth Anniversary of the United Nations and satisfactorily delivering the planned commemorative programme. However, more than $230,000 in net sales proceeds had not been accounted for or turned over by the company contracted by the Foundation to distribute the book, "Visions: Fifty Years of the United Nations". There was also a need to clarify the applicability of United Nations regulations and rules governing the receipt, control and disbursement of the funds raised by the Trust Fund and the Foundation. OIOS is following up the implementation of its recommendations by the various offices concerned.

Department of Economic and Social Affairs

97. An audit of programme management showed that internal controls and performance reporting could be strengthened, particularly in the management of extrabudgetary projects. The publications of committed programme outputs for the biennium 1994–1995 were not correctly depicted in the programme performance report submitted by the Department. Eight of the 18 outputs pertaining to public administration and development management, though completed by the department, were not published during the biennium. As against the 20 committed and 11 reported non-recurrent publications, only four were published during the biennium due to the lack of editing and printing support. The audit also indicated a need for policy guidelines for ensuring proper and adequate dissemination of published materials in order to fully realize the programme objectives. OIOS was assured that the Department had taken steps to ensure that the status of projects will be correctly depicted in the future programme performance reports and was also advised that all outputs carried over to 1996–1997 had been produced.

98. An audit of two projects executed by the Department of Economic and Social Affairs and the former Department for Development Support and Management Services in one country, disclosed deficiencies in project planning, technical support, implementation and monitoring, which resulted in significant shortfalls in project deliveries. In the now completed project, performance did not appear to be commensurate with the expenditures incurred and there was scope for improved economy in the execution of projects as well as a need for strengthening internal controls.

99. Problems in the recruitment of project professionals seriously affected the performance of two projects. However, OIOS was informed that efforts were being made to provide the government counterpart agencies with a larger pool of candidates from which to select. One project's work programme suffered from the routine diversion of project professional staff to non-project tasks. The Department was reviewing this situation with the Government. Overtime payments in one project were exceptionally high and amounted to $283,000, or 30 per cent of the local administrative support staff costs. There were also some other irregularities, evidencing ineffective internal controls. The Department stated that it would review this situation with the Government.

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100. Although training and the transfer of knowledge were key objectives of the audited projects, OIOS noted significant shortfalls in the implementation of the training component and recommended stricter monitoring of progress by the executing agency. In one project, almost the entire project budget ($80,000), meant for in-service training of individuals, was utilized to pay training stipends to the national project manager throughout the duration of the

project. OIOS was informed that the Department had notified its counterparts that in the new project the stipend will no longer apply.

United Nations Environment Programme

101. OIOS audits of UNEP during the year focused on out-posted offices. An audit of the UNEP Regional Office for Asia and the Pacific, conducted at Bangkok and Nairobi, identified deficiencies in the reporting of project expenditure and the maintenance of property records. A similar audit conducted at Mexico City, showed the need for the Regional Office for Latin America to strengthen regional coordination, project planning and management. An audit of the Coordinating Unit for the Mediterranean Action Plan conducted in Athens, Greece, highlighted the need to improve existing contractual arrangements for various services.

OIOS audits of the United Nations Environment Programme during the year focused on out-posted offices.

102. An audit of the secretariat of the Convention on the Conservation of Migratory Species of Wild Animals in Bonn, Germany, found that the secretariat's activities contributed effectively to the achievement of project objectives. However, efforts were needed to establish fully operational systems of internal controls in the areas of finance, travel, procurement and the management of sub-projects. The audit noted cases of non-compliance with United Nations regulations and rules, unreconciled financial reports and delays in project implementation due to inadequate resources and procedural difficulties. OIOS highlighted the need for a clearer division of duties between UNEP headquarters and the Convention secretariat and a greater emphasis on planning. UNEP management has advised OIOS that implementation action was under way.

103. An audit of UNEP's Mercure project revealed that the donation of the Mercure communications system was accepted and the related project agreement signed by the UNEP Executive Director on behalf of the United Nations during November 1994, without obtaining a formal instrument of full powers and without exploring other alternatives or ensuring the possibility of integrating the system with the United Nations telecommunications network, despite the fact that a cost-benefit analysis showed that it would not be viable as a stand-alone system. The Office of Legal Affairs confirmed that this agreement should not have been signed by the UNEP Executive Director without obtaining an instrument of full powers for the Organization.

104. Mercure, as a stand-alone network, would be very costly for UNEP. Although the system was provided as a donation, the initial and recurring operating costs, as well as other costs to UNEP, far exceeded the benefits, according to a cost-benefit analysis carried out in December 1993 and January 1994, which indicated a negative net present value of $4.8 million. Thus, the economic viability of the Mercure network crucially depended on the possibility of its integration with the United Nations network. In response to these concerns, UNEP management stated that the goals of Mercure were to access and communicate environmental data. In 1996, Mercure was further modified, at no cost to the Organization, to carry Internet traffic. Regarding the system's incompatibility with the United Nations backbone network, UNEP management stated that Mercure was not originally intended to carry voice traffic, since it was assumed that this service would be provided by the United Nations or by the national system. Subsequently, efforts were made to integrate all telephone services of the United Nations and UNEP.

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105. The commissioning of Mercure suffered costly delays, making its operation even less economically viable. By May 1996, only 10 out of 16 earth stations were installed. OIOS recommended that UNEP should take steps to enable the commissioning of the Mercure project as a whole without further delay. In mid-1998, UNEP advised OIOS that there have been difficulties in finalizing the authorization of the Nairobi station with the Government of Kenya and that efforts would be continued to ensure the commissioning of the complete global system at the earliest possible time. However, UNEP considers that the implementation of Mercure has proceeded satisfactorily; by mid-1998, 15 of the 16 earth stations had been deployed. Operational data service for e-mail, Internet, video conferencing and data transfer is now available.

106. An audit of the UNEP Regional Office at Mexico City disclosed that project planning and management were unsatisfactory. There were various deficiencies in the

formulation and implementation of projects relating to the publication, *Tierramerica*. There were several flaws and improper provisions in a partnership agreement, which was prematurely concluded, to establish the Tierramerica Foundation.

107. It was expected that the production and distribution of *Tierramerica* would be self-financed. With that expectation, substantial expenditures were incurred and loans amounting to $175,000 were obtained from the UNEP Revolving Fund. As of May 1997, total investments in this venture amounted to nearly $0.9 million. However, the publication was far from being self-financed and there was no possibility of repayment of the loans in the near future.

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108. A partnership agreement to set up a Tierramerica Foundation was prematurely concluded with an organization in October 1996 when the project jointly undertaken with another organization was still in progress; the project was terminated only in January 1997 and the agreement was thus concluded without an assessment of the prospects of the Tierramerica Foundation operating at no further cost to UNEP and without ascertaining its assets and liabilities. In the opinion of OIOS, the agreement was not in the best interests of the Organization and, in response to the OIOS recommendations, UNEP advised OIOS that "the initiative to set up this Foundation ... was allowed to lapse".

109. UNEP management disagreed with the OIOS findings. UNEP was of the opinion that the total investment in the Foundation was approximately $742,000 rather than $0.9 million as reported by OIOS. UNEP informed OIOS that a new partnership agreement has been entered into with the United Nations Development Programme (UNDP) and that it believes that, as a result, the Tierramerica Foundation will become self-financing in the future and that the Foundation has already yielded an increased public awareness of UNEP's activities in the region.

The second United Nations Conference on Human Settlements (Habitat II)

110. The audit of the second United Nations Conference on Human Settlements (Habitat II) (A/52/821) found that, although the Conference was widely acknowledged as an important and successful political event in the area of human settlements, it was marked by serious financial management problems. A breakdown of internal controls resulted in inadequate financial accountability and left the United Nations Centre for Human Settlements (Habitat) with an uncovered deficit in the range of $2 million. The Habitat II secretariat resorted to extensive hiring of consultants at a total cost of $2.5 million without the benefits of competitive bidding and, in some cases, with little value received in return. The former Habitat II Secretary-General travelled more than 80 per cent of his time, incurring travel costs of $370,000, whereas the Deputy Secretary-General of the Conference also spent more than 50 per cent of his time in travel status. Habitat II never submitted a cost plan for use of the $8.2 million in voluntary contributions and, as a result, no allotments had been issued. Conference expenditures were shifted to and borrowed from other funds to compensate for the shortfall in voluntary contributions; accounting for donors' contributions was incomplete; and the preparation of financial statements was delayed. OIOS was informed that the Centre had taken action to correct the financial statements and address the financial management problems identified by OIOS.

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111. While not wishing to de-emphasize the seriousness of the financial and managerial problems of Habitat II, OIOS noted that, since the inception of the Conference, pledged contributions were not realized as expected and funding from the regular budget was limited. Therefore, criticism of the Habitat II secretariat must be tempered with the understanding that the mounting of a successful international conference on the scale of Habitat II requires an appropriate level of financial resources.

International Research and Training Institute for the Advancement of Women

112. An audit of the International Research and Training Institute for the Advancement of Women (INSTRAW) disclosed that the uncertainties caused by the unresolved merger with the United Nations Development Fund for Women (UNIFEM), initially proposed in 1993, adversely affected its funding and concomitantly its staffing, programme planning and performance. Programme planning of INSTRAW could be improved through more effective inter-agency coordination. From 1992 to 1996, donor

contributions to INSTRAW declined by 50 per cent. The programme performance of INSTRAW for the biennium 1996–1997 was poor and there were serious problems relating to its management. As at September 1997, only 20 per cent of the overall programme output envisaged for the period reviewed had actually been completed. During January 1995 to August 1997, the Institute's Acting Director spent over 50 per cent of her time travelling, a situation that appeared to have affected the management of the Institute. Core professional positions at INSTRAW were vacant for long periods, resulting in only two junior professionals remaining at the Institute in Santo Domingo, besides the Acting Director. OIOS is following up the issues raised and the remedial measures recommended.

United Nations Compensation Commission

113. The United Nations Compensation Commission (UNCC) is expected to complete the review, validation and valuation of over 2.4 million claims using technologically sophisticated claims-processing methodologies. At the request of the Executive Secretary of the Commission, OIOS conducted a management review of the Commission's organizational structure and management process as it prepares to respond to the challenge of expeditiously processing the remaining claims. Although there was general agreement on the need for different technical skills (in particular, accounting and loss adjusting) to facilitate the quantification of the losses asserted, OIOS found that the Commission placed extensive reliance on external consultants to provide these skills, but did not have mechanisms in place to effectively control and monitor the quality of the work of these consultants. The review also showed that although UNCC possessed the necessary skills in the legal area, there was an imbalance in the organizational structure owing to the lack of in-house expertise in the complex area of loss quantification. The OIOS recommendation that UNCC establish a loss quantification unit to be staffed with accountants and loss adjusters has been implemented with the establishment of the Verification and Valuation Support Branch. UNCC has started to implement the OIOS recommendation to develop a revised strategy for engaging the services of external consultants and experts by setting up a standard system to be agreed upon by UNCC, the Purchase and Transportation Section of the United Nations Office at Geneva and the Committee on Contracts at Geneva, with the European section of the Audit and Management Consulting Division, OIOS, acting as consultants.

United Nations Conference on Trade and Development

114. In connection with a recent embezzlement case handled by the Investigations Section involving a senior official of the United Nations Conference on Trade and Development (UNCTAD), AMCD conducted an audit of UNCTAD budgetary and financial controls to identify the causes for the breakdown of the system of checks and balances at UNCTAD and the United Nations Office at Geneva, and to suggest corrective actions to prevent the recurrence of similar cases. The audit, which focused on the adequacy of the certifying and approving functions and effectiveness of internal controls at UNCTAD and the Financial Resources Management and Electronic Service of the United Nations Office at Geneva, confirmed that poor internal controls exposed the Organization's funds to risk of misuse and fraud.

The audit confirmed that poor internal controls in UNCTAD and the United Nations Office at Geneva exposed the Organization's funds to risk of misuse and fraud.

115. The audit found that certain designated United Nations officials and other staff had failed to exercise due care in their certifying and approving functions. This failure, together with the improper segregation of duties, poor supervision and lack of rotation of functions allowed for the improperly documented and fraudulent transactions. The audit also disclosed that the absence of allotments or similar authorizations for trust funds and UNDP-financed projects permitted charges to be made to unfunded, non-existent projects and related overexpenditures. OIOS pointed out the need for UNCTAD to review work processing procedures and to streamline the issuance of travel authorizations, processing of travel claims and procurement of services. Proper supervision and job rotation of financial functions at UNCTAD and the United Nations Office at Geneva should also be ensured. OIOS acknowledges the corrective actions taken by the Financial Resources Management and Electronic Service at Geneva to reinforce internal controls, particularly in issuing cheques and approving posting records.

Information Technology Management

116. The Division's Electronic Data Processing Audit Section reviewed information technology activities at Headquarters, the regional commissions and at offices away

from Headquarters. At Headquarters, preliminary project plans for the development of the IMIS payroll component were reviewed, as were plans for the deployment of IMIS to offices away from Headquarters. Information technology audits were also conducted at the UNCC and UNHCR in Geneva, and at ESCAP and ESCWA.

117. The audit at UNCC found shortcomings in information technology planning and operational activities, as well as incomplete integration of claims and payments databases. UNCC also needs to strengthen its systems development life cycle methodology and exert greater control over the work of contractors and consultants. UNCC has advised OIOS that all of its recommendations have either been fully implemented or, in the case of certain more complex recommendations involving such matters as integration of databases, are in the process of implementation. The ESCAP and ESCWA audits showed that, although these two organizations operate in different regions, both had similar shortcomings in information technology management. At both commissions, information technology planning and coordinating committees were inactive for several years and, as a result, strategic long-term plans for the use and role of information technology to support organizational goals were not prepared. However, ESCWA has since advised OIOS that its Information Technology Committee, which will serve as the mechanism for developing strategic long-term plans for the use and role of information technology to support organizational goals, is in place and functioning. OIOS anticipates that the recently established Information Technology Coordinating Committee at Headquarters will provide information technology support to the commissions and promote the re-establishment of information technology planning and coordinating committees. Management at each commission needs to provide guidance to information technology units on the use and delivery of information technology to support operations. At ESCAP, benefits could be derived from inter-agency coordination, as numerous agencies share the same office building. In response to OIOS audit findings, ESCWA has taken measures to address disaster planning and recovery and to enhance management of its electronic data processing function.

118. OIOS continues to review the design, construction, testing, data conversion and implementation of various IMIS system components at Headquarters and at offices away from Headquarters.

3. Status of ongoing audits requested by the General Assembly

119. Pursuant to General Assembly resolutions 52/226 and 52/227 of 27 April 1998, the Division is conducting a review of procurement-related arbitration cases and an analysis of the reasons for the increase in contract costs for IMIS. Major findings and recommendations of these studies will be reported to the General Assembly at its fifty-third session.

B. Investigation

1. General developments

120. The staffing level for the Investigations Section remained the same as in the previous reporting period. Substantial resources were devoted to work on cases of importance to the Organization. Those cases involved, for example, misconduct by staff members, including senior managers, and by contractors. Following investigations conducted by the Section, investigators have been assisting national law enforcement authorities in criminal prosecutions and participating in disciplinary cases. Some of those matters are expected to continue for at least the rest of the calendar year.

These decisions by programme managers to seek criminal prosecutions, in order to send a message that criminal conduct can result in criminal prosecution, were supported by both human and financial resources, and they represent hard evidence of the realization of the Secretary-General's determination to increase accountability as part of his reform programme.

121. This involvement in criminal trials requires a significant commitment of limited staff time and, where national jurisdictions are involved, a serious commitment by them as well. This year, specifically, major commitments to investigate cases brought to them by the United Nations investigators were made by the Governments of Kenya and Switzerland. There is also substantive and consistent commitment to the pursuit of such cases by the concerned programme managers in the United Nations Offices at Geneva and Nairobi and in the Field Administration and Logistics Division of the Department of Peacekeeping Operations. These decisions by programme managers to seek criminal prosecutions, in order to send a message that criminal conduct can result in criminal prosecution, were

supported by both human and financial resources, and they represent hard evidence of the realization of the Secretary-General's determination to increase accountability as part of his reform programme.

122. In addition, the Section completed investigations of 30 allegations that were found to be *bona fide*, but which could not be proven based on available evidence; consequently, the accused individuals were cleared.

123. During the reporting period, the Section received 173 reports and suggestions as provided for in ST/SGB/273 of 7 September 1994 (paras. 16 to 18), compared with 172 in the prior reporting period. Although the total number of such reports has not increased, the distribution is different. The geographical distribution of reports received in the reporting period is as follows:

	Number of investigations	*Percentage of change since last reporting period*
The Americas (including Headquarters)	78	+13
Europe	38	–22
Africa	26	–40
Asia	20	+233
Middle East	11	+175
	173	—
of which		
Concerned operational funds and programmes	47	+10
From anonymous sources	25	–7
From hotline	6	–25

124. In the course of the reporting period, the Section produced 35 reports and communications which detailed the results of inquiries and included findings and recommendations to programme managers; this represents an average of one report every 10 calendar days. The trend for programme managers to seek the assistance of the Section has continued; in addition, the advice of the Section is frequently sought by colleagues in other oversight offices in the United Nations system, and outside of it.

This initiative allows for the expertise of the Section to be drawn on even when it is not possible to provide investigators to conduct inquiries.

125. The volume of work and the demand for rapid response has led to the development of a consultative function by which the Section provides advice to programme managers who wish to avail themselves of the Section's expertise. Although such a procedure would not be appropriate in all cases, particularly those which involve the gathering of evidence of criminal conduct, this initiative allows for the expertise of the Section to be used even when it is not possible to provide investigators to conduct inquiries.

126. Staff time was devoted also to working with other offices and departments in the Secretariat on cases which required administrative or disciplinary action by the Organization. As a result of this activity, it has become clear that the mechanisms for resolving issues through administrative or disciplinary channels, whether they involve present or former staff members or contractors, are time consuming, awkward to the point of imposing an inordinate burden on both the Organization and the staff members involved and in need of improvement. Delegations of authority, definitions of terms and procedural requirements lack clarity. OIOS will be working with other offices and departments in the coming reporting period on revamping administrative and disciplinary processes.

127. A total amount of $0.4 million has been recovered subsequent to investigations.

2. A case study: theft of United Nations-owned equipment

128. As a result of an inquiry conducted from 1996 to 1997 by the Investigations Section, with the support and assistance of the Field Administration and Logistics Division of the Department of Peacekeeping Operations, evidence of theft of United Nations-owned equipment by a United Nations contractor was obtained. This United Nations contractor had supplied catering services to two peacekeeping missions, the United Nations Transitional Authority in Cambodia and the United Nations Operation in Somalia. Following a preliminary investigation by OIOS, the United Nations filed a formal complaint in 1996 with the Government of Kenya because the United Nations equipment was ultimately located at Mombasa. The items that have been recovered were found in early 1997 in a search by the Kenyan Police, with the assistance of staff from OIOS and the Field Administration and Logistics Division, of several vessels which were owned or operated by the caterer in Mombasa harbour. The investigation yielded evidence that the firm's owners and officials had stolen a total of approximately $400,000 in United Nations equipment from both missions. Although there is evidence

that substantially more United Nations equipment had been stolen, that equipment has apparently been retained by the company's interests in Somalia and is not retrievable at this time.

Criminal charges against contractor officials

129. In consultation with the Kenyan Attorney-General, the Kenyan Police filed criminal charges of theft and possession of United Nations-owned equipment against four of the contractor's officials in mid-1997: the second-in-command for all the company's interests and head of its operations in Somalia; the then owner; an official who had run the company's interests in Mombasa and had operated shipping for the company in and out of Somalia; and a supervisor assigned to the company's shipping works at the port in Mombasa. In October 1997, the Kenyan Police arrested two of the four accused individuals, a British national and a Kenyan national. The British national, after first denying her identity to the Kenyan Police, subsequently acknowledged it upon the production of her passport. The Kenyan national was arrested several days later. Both were bonded (3 million Kenya shillings each) before a Kenyan Magistrate on 3 December, 1997, to answer the charges. The two other accused individuals, an Australian and a New Zealander, were not in Kenyan jurisdiction and the Australian has informed OIOS that he would not voluntarily return to Kenya. The Kenyan Attorney-General's Department has initiated extradition procedures with the Australian Government in an effort to have him returned to Kenya to face the same charges. The current location of the fourth accused is unknown.

In consultation with the Kenyan Attorney-General, the Kenyan Police filed criminal charges of the theft and possession of United Nations-owned equipment against four of the contractor's officials in mid-1997.

130. The Section provided assistance to the Kenyan Attorney-General's Office in the preparation of evidence submitted for the trial in the court in Nairobi. Supporting documentary evidence was compiled from United Nations archives to identify ownership of the 28 separate items recovered in 1997 during the Kenyan Police search of the vendor's vessels in Mombasa. To aid in the prosecution, several United Nations staff members were identified who could testify to the involvement of the accused, the recovery of the equipment and the United Nations ownership of the items. The trial began in February 1998 and, at the prosecution's request, the United Nations arranged to have several staff members available to testify at the hearing.

131. The evidence adduced, via the United Nations witnesses and exhibits at the trial, included the identification of the United Nations equipment, which included containers, vehicles and prefabricated buildings; the roles played by the two accused; photographs taken in Mombasa during the Police search of the company's vessels (December 1996–February 1997) demonstrating defendants' possession of United Nations-owned and labelled items, as well as their efforts to obliterate the evidence of United Nations ownership, including stripping United Nations identifying labels and markings. In addition, evidence was presented demonstrating the controls in place at UNOSOM to track United Nations vehicles and equipment in the mission; evidence, convincingly presented to the Magistrate, which tendered proof both of United Nations ownership of the vehicles claimed in this case and the defendants' illegal possession of them; and rebuttals to suggestions by the defence that the United Nations had discarded or sold the equipment.

132. The trial was scheduled to resume in May 1998, and the United Nations assisted the prosecution by producing several witnesses from several different locations around the world to testify at the resumed hearing. On the renewed trial date, Monday, 18 May 1998, the Magistrate was informed, in court, that the defence counsel had not had any contact with his British client for three weeks and that he had been informed that she was not in Kenya at that time. Because she had become a fugitive, the Magistrate requested that the surety for the accused person be presented in court to show cause why her bond should not be forfeited and the investigating police officer was asked to report to the court to provide information as to her whereabouts. The British Government has been asked to assist Kenyan Police inquiries into the whereabouts of the accused. To date, no information has been received to identify her whereabouts. The trial, which also involved one Kenyan accused, has been suspended.

Because the accused had become a fugitive, the British Government has been asked to assist Kenyan Police inquiries into her whereabouts.

Resource commitments

133. OIOS has found that in all investigations in which the United Nations has requested that a national jurisdiction bring charges for offences against the United Nations, it is

necessary that OIOS investigators continue to be significantly involved. This was also true, for example, in the UNCTAD theft case in Switzerland, described in paragraphs 151 to 153 below. These cases represent substantial commitments of staff time and travel funds on the part of the Organization. The cases also represent major commitments to the United Nations by the authorities of the national jurisdictions concerned.

Considerations for future cases

134. Whether or not the fugitive is located and returned to Kenya to continue the trial in Nairobi, or the extradition request to the Australian Government leads to the return of the company Chief Executive Officer to Kenya, or the company's owner is ultimately located, it is the view of OIOS, which both the Field Administration and Logistics Division of the Department of Peacekeeping Operations and the Office of Legal Affairs share, that the United Nations has taken an important new step in holding its contractors accountable for their actions. For the first time, the United Nations has sought criminal penalties against owners and officials of a contractor accused of theft and possession of United Nations-owned equipment.

135. A decision to seek criminal prosecution makes intensive demands on United Nations staff, particularly in OIOS, and involves additional costs to the Organization which must be considered, whenever the United Nations undertakes to pursue such cases with national jurisdictions. In this instance, the costs associated with the conduct of the investigation which were borne by both the Investigation Section of OIOS and the Field Administration and Logistics Division of the Department of Peacekeeping Operations exceeded by far the value of the recovered stolen equipment. Moreover, information provided as a result of the findings of the investigation was helpful in defending against claims by the same firm against the United Nations in arbitration proceedings now concluded. Decisions to proceed on cases in the future must take into account not only the merits of the case itself and the value of the demonstration in deterring future criminal conduct, but also the cost of undertaking the investigation.

For the first time, the United Nations has sought criminal penalties against owners and officials of a contractor accused of theft and possession of United Nations-owned equipment.

136. In reaching such decisions, legal considerations may apply as well. For trials at United Nations duty stations, as in the two cases noted in this report, which were in Geneva and Nairobi, there is an additional and important benefit which should be a factor: not only United Nations contractors, but also United Nations staff members at the duty stations, as well as the host Governments, will have evidence of the strength of the United Nations commitment to accountability. These actions by OIOS provide support to the Secretary-General's reform programme.

137. The measures taken by OIOS in this case have been taken in consultation with the concerned programme offices, particularly the Field Administration and Logistics Division of the Department of Peacekeeping Operations and the General Legal Division of the Office of Legal Affairs, which have provided significant logistical, financial and legal support. For future cases, such consultation and cooperation will continue to be essential.

3. Other cases

International Criminal Tribunal for Rwanda

138. For information on the International Tribunal for Rwanda, see paragraphs 71 to 73 above.

Bribery case in the International Criminal Tribunal for Rwanda

139. For information about the bribery case in the International Criminal Tribunal for Rwanda, see paragraph 74 above.

Fraudulent education grant claims

140. The Investigations Section has investigated several cases of fraud or presumptive fraud in education grant claims submitted by United Nations staff members from both United Nations Headquarters and from its peacekeeping missions. These staff members have claimed and obtained excessive or unwarranted reimbursements for education grant claims after having falsified certificate of attendance forms submitted to the Organization along with their claims. Subsequent to the OIOS investigations into these cases, the United Nations administration has taken action for the recovery of the monies owed as well as for the institution of appropriate administrative or disciplinary sanctions against the staff members concerned.

Abuse of authority and retaliation

141. In July 1997, OIOS received a report that a junior staff member was the victim of abuse of authority by a senior official. It was alleged that the junior staff member had rejected pressures by the senior official, which included unwanted advances. However, he felt threatened by the possibility of retaliation by the senior staff member if he rejected any type of relationship. OIOS found sufficient evidence of the abuse of authority over a two-year period (1995–1997) to constitute misconduct on the part of the senior staff member. OIOS also gained testimonial and documentary evidence of actions consistent with retaliation under paragraph 18 (f) of ST/SGB/273 of 7 September 1994.

142. Based on the above findings, and in consultation with the Office of Legal Affairs, OIOS recommended that the Secretary-General institute disciplinary proceedings against the senior staff member for serious misconduct and, as an interim measure, suspend the staff member with pay pending the outcome of disciplinary proceedings. The Organization suspended the staff member with pay in January 1998 and the case is now pending resolution in the disciplinary process.

Forged documents

143. From January through April 1998, the Investigations Section conducted an investigation into three documents circulated in late 1997 among the representatives of Member States. The investigation established that the three documents and their contents were entirely false and forged. The investigation also established that these forgeries were used by two staff members to obtain personal benefits. The investigation concluded, *inter alia,* that these staff members had created and distributed documents which were inconsistent with their duties and were contrary to the Secretary-General's reform programme; that their actions impacted negatively on the Secretary-General's planning and decisions in respect of the decolonization programme; that these actions were aimed solely at advancing their careers and that consequently they had misused their official positions. The disposition of the case is pending.

United Nations Environment Programme

144. In August 1997, the Section investigated allegations of misconduct committed by a staff member at the United Nations Environment Programme (UNEP). Testimonial, documentary and electronic evidence demonstrated that the staff member was the author of an unsigned document addressed to a government authority of a Member State for the purposes of obtaining instructions and seeking assistance in obtaining a higher post. The staff member's primary objective was to cause the Executive Director of UNEP to take decisions regarding the subprogramme through pressure generated by the officials of the Member State. The staff member admitted to this activity and has been dismissed from the Organization.

Vendor misconduct

145. For information concerning vendor misconduct see paragraphs 65 and 66 above.

Aviation procurement in peacekeeping missions

146. For information on this subject, see paragraphs 67 and 69 above.

Investigation of termination benefits to locally employed civilians of the United Nations Peacekeeping Force in Cyprus

147. In resolution 51/235 of 13 June 1997, the General Assembly requested that OIOS evaluate and report to the General Assembly on the events and circumstances that led to the United Nations responsibility for termination pay to the locally employed civilians in UNFICYP, including all aspects of accountability and responsibility of United Nations staff. The Assembly was referring to an amount of $5,284,000 in the proposed budget for UNFICYP for the period from 1 July 1997 to 30 June 1998, representing the United Nations share of one-time termination benefits and redundancy payments for former locally employed civilians in Cyprus.

148. The Memorandum of Understanding signed in 1979 by the United Kingdom and the United Nations did not define clearly and precisely the respective obligations and responsibilities of the parties vis-à-vis the employees' various entitlements and benefits. When the British Government decided, in November 1994, to discontinue providing this service, United Nations officials, in the field and at Headquarters, found themselves under pressure to develop a solution which would maintain the continuity of day-to-day operations and the options considered were framed by those officials in human resources terms.

149. OIOS concluded that there was no wrongdoing or impropriety on the part of United Nations officials at any stage of the process of option consideration and negotiation, and that the United Nations decision to pay a portion of the termination benefit costs was neither arbitrary nor wasteful, in that serious and detailed consideration was given to a

range of options prior to choosing the only option consistent with the human resources policies of the Organization.

Conflict of interest case

150. An audit in the Secretariat by the Audit and Management Consulting Division revealed irregular activities and transactions which were brought to the attention of the Investigations Section. The evidence accumulated by the Section, and reported on in 1997, demonstrated that a staff member had awarded three contracts with a total value of $59,560 to a firm with which she was associated. Her association with the company and her role in awarding and administering the firm's contract resulted in a conflict of interest which is in contravention of United Nations Staff Rules. The disposition of the case is pending.

The United Nations Conference on Trade and Development – theft of $600,000 by manager

151. The Investigations Section conducted an investigation into a report from concerned managers at the United Nations Office at Geneva and UNCTAD managers that they had received indications of misuse or theft of United Nations funds by a senior UNCTAD staff member. The evidence adduced by the investigation proved that, over a period of more than 10 years, the staff member stole nearly $600,000 from the United Nations by submitting false documents for daily subsistence allowance payments to fictitious "experts" attending non-existent United Nations conferences. When confronted with the evidence of his scheme, the staff member acknowledged his misconduct.

152. The findings of the investigation were provided to a Swiss court, which late last year convicted the staff member of the crimes charged and directed that, in addition to the $350,000 repaid, the now former staff member was obliged to repay the balance.

153. Subsequent to the trial, the Section sought to determine what lapses may have occurred at the United Nations Office at Geneva and UNCTAD that contributed to the longevity of the staff member's scheme. A comprehensive report was provided to management at both UNCTAD and the United Nations Office at Geneva, which have begun to implement corrective actions.

C. Inspections

1. New inspections

Crime Prevention and Criminal Justice Division

154. In keeping with its mandate for oversight as set out in General Assembly resolution 48/218 B, OIOS conducted an inspection review of programme management at the Crime Prevention and Criminal Justice Division in June 1997. At that time, the Division was under the overall supervision of the Director-General of the United Nations Office at Vienna. As part of the Secretary-General's reform measures, the Crime Prevention and Criminal Justice Division was strengthened and transformed into the Centre for International Crime Prevention and is now part of the Office for Drug Control and Crime Prevention. A summary of the main findings of the inspection report, which was submitted to the General Assembly in document A/52/777, follows.

155. The inspection report recommended that senior management should establish internal arrangements to provide guidance and strategic direction to the Division, including in respect of resource mobilization, and an effective system for tracking progress in programme implementation, assessing results and providing the Director-General with the necessary feedback to enable him to exercise his oversight responsibility.

156. In concert with the ongoing efforts by the Commission on Crime Prevention and Criminal Justice to limit the enactment of new mandates, the Division needs to focus its programme of work through greater integration of interrelated issues into fewer activities and by restricting its role in areas where it does not have a comparative advantage and/or where the value of its contribution is minimal. Furthermore, to rationalize the use of its resources, the Division needs to assess and evaluate its programme activities in order to identify areas which lend themselves to streamlining. A first step in this direction would be to effect a clearer balance between its role as a servicing body and its role as a provider of technical assistance and policy advice to Member States. There is also a need to critically examine the relatively large volume of documentation prepared for the Commission in order to ascertain whether its periodicity is warranted and whether some of the issues covered could be subsumed or consolidated into fewer documents.

157. Much remains to be done by the secretariat to reorient the programme from standard-setting towards a greater emphasis on assistance to Member States in implementing standards and in researching issues relating to transnational and organized crime. Accordingly, a parallel reorganization

and reorientation of staff skills are essential to build up a core of technical staff specialized in the emerging areas related to organized crime, both through the provision of adequate training to upgrade existing expertise and through outside recruitment.

158. The new managerial structure in Vienna presents an opportunity to maximize the resource base of the programme, first, by fostering synergies between the crime and drug programmes, and second, by ensuring that the resources of the programme are entirely devoted to the execution of the mandated work and that those in charge of the programme are sufficiently empowered to authorize expenditures from the programme's appropriation.

159. Concerted efforts need to be made to build a more effective collaborative relationship with the United Nations network of institutes that deal with crime. The Division should endeavour to involve itself at the stage of formulation of the respective programmes of the institutes and should assume an active role in influencing the content and direction of such programmes. Towards that end, the OIOS report recommends that the Commission's role of overseeing the activities of these institutes to ensure that their work is supportive of and not competitive with the Division, should be reaffirmed.

2. Follow-up inspection reviews

Department of Peacekeeping Operations/Field Administration and Logistics Division

160. In April 1998, OIOS conducted a follow-up review of the actions taken by the Field Administration and Logistics Division (FALD) in response to the recommendations contained in its report of 31 August 1995 (A/49/959).

161. FALD had effectively implemented many of those recommendations that did not require legislative approval. One or two recommendations were not implemented exactly as suggested, but the different courses of action taken were justified.

162. In its report, OIOS had noted that the ability of FALD to adequately fulfil its mandate was subject to (a) sufficient resources being approved to pay for the support required, and (b) certain critical links to other United Nations departments/divisions working efficiently and effectively. Furthermore, structurally several units were compartmentalized and responsibilities within each service were fragmented.

163. In response to the inappropriate mix of personnel, FALD management instituted a series of changes shortly after the 1995 inspection. Specifically, all eligible posts were properly classified and job descriptions prepared where these had not previously existed. Twenty posts paid from General Temporary Assistance were converted to Support Account posts following legislative approval to do so. In addition, gratis personnel were no longer given positions of authority, and the practice of engaging staff on short-term contracts was reduced to an absolute minimum. With respect to its organizational structure, FALD management took action to consolidate and re-rationalize the structure of each Service. Notwithstanding the systems-related issue noted below, OIOS found the actions taken to be consistent with the recommendations made in its above-mentioned report.

164. The observations in the report regarding FALD management centred mainly around the lack of sufficient guidance on matters of accountability, responsibility, measures of performance and policy covering computer systems development. OIOS recommended that steps be taken to alleviate these uncertainties. During the follow-up review, OIOS found that FALD management had taken steps to prepare better measures of individual performance, including implementation of the Performance Appraisal System (PAS), and delineation of clear lines of authority in the job descriptions developed for each of its authorized posts. In addition, increased and improved documentation of standard operating procedures was observed.

165. With respect to the lack of policy and direction for computer systems development, it was observed that different philosophies continued to pervade FALD and the OIOS recommendation on this subject remained the only one unsatisfactorily completed. While OIOS in no way recommended dismantling what were clearly useful tools for assisting the staff in carrying out their respective functions, future development and maintenance policies should be established to, at a minimum, (a) provide for standards in the area of systems documentation, including the logic underlying each application's data models, (b) provide guidance for customized application support in both the technical and end-user areas, and (c) prevent any new 32-bit (or above) systems development or upgrading to proceed without the involvement of electronic data processing staff. Furthermore, in order to ensure a corporate approach to computer applications and compatibility, the involvement of the Information Technology Services Division was warranted.

166. The follow-up review showed that FALD had cleared up the significant backlog of unprocessed claims outstanding at the end of 1994 and, as a result of revising the terms and conditions attached to its letter of assist, the risk of unobligated claims and uninsured aircraft liability were no longer material issues. In addition, OIOS was given a

presentation of certain segments of FALD's new Field Asset Control System, as currently designed and was satisfied that, if fully implemented, the system should address the lack of asset control noted in its report. However, additional resources were needed to complete this important control mechanism as well as related components.

167. In its report on FALD, OIOS further noted that the Organization might be paying excessive amounts for war-risk insurance and recommended that the Office of Programme Planning, Budget and Accounts consider less costly alternatives to the prevailing arrangement. OIOS reiterated that recommendation and will comment on any actions taken by the Office at a future point.

3. Ongoing monitoring of implementation

168. Updated information on the status of implementation of recommendations contained in inspection reports is provided on the following documents/offices:

Office of the United Nations High Commissioner for Human Rights

169. For information concerning the Office of the United Nations High Commissioner for Human Rights, see paragraphs 56 and 57 above.

Economic Commission for Africa

170. The Economic Commission for Africa (ECA) has continued to uphold its guiding principles of ongoing reform and to pursue its renewal programme to enhance efficiency and cost-effectiveness and to enable more effective partnerships. As a result, the Commission has a more focused programme structure and has succeeded in building consensus around some of these programmes. Furthermore, ECA is carving a clear niche in advocacy work, especially on gender issues, information technology for development and regional cooperation and integration, and is taking the lead in defining important new areas of work such as the food security-population-environment nexus and governance and civil society. Significant results have been achieved in the Commission's work with African policy makers, researchers and economists on a broad range of issues, including macroeconomic stability, sustained growth, trade and investment promotion, debt sustainability, social policy and poverty reduction. Within the ECA secretariat, several training programmes have been organized to enhance communication among divisions. A follow-up review of programme and administrative practices in ECA is planned for 1999.

International Trade Centre

171. The management of the International Trade Centre initiated action for the implementation of recommendations contained in the report of the inspection review issues of 24 June 1997 (A/51/933). A further review will be undertaken by OIOS to ascertain the degree of compliance.

United Nations Centre for Human Settlements

172. The United Nations Centre for Human Settlements (Habitat) has taken necessary steps towards implementation of OIOS recommendations and substantial progress is reported. It is to be noted that implementation was slowed in some cases, particularly in the organization of the secretariat of the Centre along programmatic lines.

United Nations Relief and Works Agency for Palestine Refugees in the Near East

173. For information about the United Nations Relief and Works Agency for Palestine Refugees in the Near East, see paragraph 58 above.

4. Inspectoral visits by the Under-Secretary-General for Internal Oversight Services

174. During this reporting period, in addition to his regular working stays in Geneva and Vienna, the Under-Secretary-General for Internal Oversight Services paid inspectoral visits to ECLAC in May 1998 and to UNEP/UNCHS and the United Nations Office at Nairobi in June 1998. Such visits are meant to demonstrate oversight interest in duty stations away from Headquarters, follow-up of compliance with recent OIOS recommendations and to assist and advise the Secretary-General in his managerial responsibilities for United Nations activities outside of New York. In this regard, the Under-Secretary-General has submitted short and informal reports to the Secretary-General which are recapitulated in the following paragraphs.

Economic Commission for Latin America and the Caribbean

175. The activities of the Economic Commission for Latin America and the Caribbean are of great relevance to the Latin American region. ECLAC has developed into a:

(a) Centre of excellence in academic research and analysis;

(b) Source of pragmatic policy advice to Member Governments;

(c) Training institution for government experts;

(d) Forum, meeting place and clearing house for the region (even in matters which are not part of ECLAC's purview).

176. ECLAC enjoys the confidence and trust of its member Governments who make good use of the institution, but generally refrain from trying to micro-manage it. ECLAC is appreciated for its continued ability to adjust to the changing needs and expectations of member States of the region: while the Commission was in the forefront of defining and promoting the development strategy for Latin America in the 1960s and early 1970s it now addresses questions covering the entire region and does it in a way which is useful for the sometimes very diverse demands of individual member States. The solid reputation of ECLAC is also illustrated by the recent increase in extrabudgetary resources made available to it by donors from outside the region. Weaknesses observed were mainly in the areas of programme monitoring and evaluation.

177. It was also noted that ECLAC had been selected as a leader in the so-called Pilot Management Project, but was suffering at the time of the inspectoral visit from an inadequate staffing situation and could, therefore, not quite live up to this challenge. OIOS has been given to understand that these deficiencies are now being addressed.

United Nations Environment Programme/United Nations Centre for Human Settlements (Habitat)/ United Nations Office at Nairobi

178. During a visit in May 1998, the Secretary-General had pledged to make Nairobi a United Nations headquarters at par with the others. This will require a number of actions and initiatives, some of which are already under way; others, such as improvement of the security situation and of telecommunication facilities, necessitate the involvement of the host Government. Efforts to assure increased staff rotation in and out of Nairobi, to demonstrate that it is a mainstream duty station, are also essential.

179. When the Under-Secretary-General visited Nairobi in June 1998, the three units in the complex at Gigiri, UNEP, UNCHS and the United Nations Office at Nairobi, were in the middle of a process of fundamental change aimed at making them more relevant and more operationally focused, and also, it is hoped, at putting them on a sound financial basis. In June 1998, this process was already quite advanced in UNEP; the new Executive Director had been able to obtain the endorsement of the UNEP Governing Council for his in-depth restructuring concept. A similar momentum must still be created for Habitat.

180. The United Nations Office at Nairobi is intended to be used as the sole provider of administrative services to the other Nairobi programmes, a logical step which will generate synergy effects and savings. For all of this to happen, strong support from Headquarters is essential.

181. The attitude of the missions of the member States in the Kenyan capital towards restructuring, reform and strengthening of the Nairobi-based United Nations organizations was found to be very supportive and encouraging.

D. Monitoring

182. The Secretary-General's report on the programme performance of the United Nations for the biennium 1996–1997 (A/53/122 and Add.1) was prepared by OIOS. The report, which was submitted to the Committee for Programme and Coordination at its thirty-eighth session, reflected the degree of implementation of the outputs that were identified in the programme budget and indicated the extent to which programmed activities were modified during the implementation process, as well as the respective roles of legislative bodies and the Secretariat in introducing new activities. It also highlighted the reasons for the non-implementation of programmed activities and provided an indication of the resources utilized during the biennium.

183. Despite the financial constraints and the resulting high average vacancy rate of 13 per cent during the biennium, the balance sheet in terms of outputs produced was largely positive as the Organization implemented 80 per cent of its mandated activities. The rate of implementation during the previous two bienniums was between 70 and 75 per cent. Although some activities had to be reformulated and others reduced in coverage and scope, there was every indication that programme managers had risen to the challenge of producing more with less. The average vacancy rate, which was much higher than during previous bienniums, was caused mostly by the need to meet a predetermined level of budgeting. It had involved a significant reduction by achieving vacancies and maintaining vacant posts, and also by the extremely cumbersome and lengthy procedures for the filling of vacancies in the Organization.

Despite the financial constraints and the resulting high average vacancy rate of 13 per cent during the biennium, the balance sheet in terms of outputs produced was largely positive as the Organization implemented 80 per cent of its mandated activities.

184. The quality of departmental submissions received by OIOS for the 1996–1997 programme performance period clearly indicates that, in many departments and offices, there is still inadequate commitment to oversight and, consequently, no coordination or managerial mechanism that collects and analyses on a routine basis information on the progress made and results achieved under the various activities and programmes. Many departments still do not have either a senior planning and coordinating function located within the office of the head of department or a unit to provide coordinated feedback on the success and shortfalls in programme implementation. The report notes that the development of quality performance indicators in the United Nations is, therefore, a great challenge for all departments. It also notes the ongoing efforts to develop a results-based budgeting but cautions that this, in itself, will not bring about a qualitative assessment of performance. It stresses that this will depend, to a large extent, not only on the existence of effective systems for monitoring and evaluating performance at the departmental level, but also on the recognition of programme managers of such systems as basic management tools for improving efficiency and effectiveness of implementation. To this end, OIOS cannot overemphasize the necessity for all departments to think of meaningful quality performance indicators that could be reflected in programme performance reporting in the future.

185. The report refers to existing overlap and duplication in the work of the Organization and concludes that more coordination is required at the stage of formulating the programme budget in order to minimize the potential for duplication and to exploit existing complementarities between the various programmes. In light of this, the report dwells on a numbers of issues which need to be addressed in order to enhance the ability of programme managers to cope with emerging situations and, at the same time, strengthen their accountability. It stresses that there is merit in revisiting some of the financial rules to provide programme managers with greater flexibility in the implementation of their mandated activities, as well as merit in empowering them through greater delegation of authority to manage the human and financial resources appropriated to them.

186. The report points out that greater control is needed over the extrabudgetary resources obtained from bilateral donors in order to ascertain the efficiency and the pattern of their utilization. It stresses that this has become more necessary because of the increasing percentage of these resources used in producing mandated activities of a non-operational nature, a percentage which rose to 52 per cent during the 1996–1997 reporting period. The report acknowledges, however, that, in a way, the extrabudgetary funding constituted the reserve from which programme managers could draw to meet requirements for which insufficient regular budgetary resources were made available.

The Secretariat responded with flexibility to the new challenges and the process of reform.

187. Because the 1996–1997 biennium was the last biennium of the Medium-Term Plan for the period 1992–1997, the report also reviewed performance during that period and reflected the trends in the composition and pattern of activities throughout the period of the Medium-Term Plan. The findings suggests that the Secretariat had managed to respond with flexibility to the process of reform which started in 1992, as well as to the emerging needs arising from the major conferences which had convened during the period under consideration. There were also indications in the report of improved ability to plan on the part of programme managers. Furthermore, productivity in terms of output per work-months had signalled slight improvement by the end of the period, particularly in the delivery of parliamentary services.

The Committee for Programme and Coordination commended the efforts made to improve the quality of the report and to review performance within the context of the Medium-Term Plan for the period 1992–1997.

188. The Committee for Programme and Coordination discussed the programme performance report for the biennium 1996–1997 at its thirty-eighth session. The Committee commended the efforts made to improve the quality of the report and to review performance within the context of the Medium-Term Plan for the period 1992–1997. The Committee concluded that in future performance reports, more emphasis should be placed on qualitative analysis to reflect achievements in implementing programme activities.

E. Evaluation

In-depth evaluation of the United Nations International Drug Control Programme

189. The in-depth evaluation examined the achievements and shortcomings of the United Nations International Drug

Control Programme in (a) supporting the work of the Commission on Narcotic Drugs and the International Narcotics Control Board in implementing and monitoring the international drug control treaty system; (b) facilitating the implementation of measures contained in relevant policy documents, such as the Global Programme of Action adopted by the General Assembly in 1990, and conducting analytical work in support of policy implementation and policy development; and (c) executing and coordinating operational activities to assist countries meet their obligations under the international drug control system.

190. The report on the in-depth evaluation focused on the following problems of the Drug Control Programme: (a) its capacity to monitor progress achieved in the implementation of the conventions and policies developed under the international drug control system; (b) its effectiveness in the collection, analysis and dissemination of information; and (c) its role in promoting collaborative efforts in research and support of national and subregional strategies. Recommendations were made on, *inter alia*, programme support to the International Narcotics Control Board; simplifying government reporting requirements; the Programme's integrated information system; developing networks of collaborating organizations and institutions; support to Governments in the planning of drug control programmes; and the Programme's capacity to implement programmes.

191. The Committee for Programme and Coordination discussed the report at its thirty-eighth session and commended its quality and comprehensive nature and its analysis of the complex issues at hand. Bearing in mind that the Programme needed to implement the recommendations in the light of the outcome of the twentieth special session, the Committee endorsed all its recommendations and transmitted it for review and action to the Commission on Narcotic Drugs at its forty-second session.[2]

The Committee for Programme and Coordination discussed the report on the in-depth evaluation of the United Nations International Drug Control Programme at its thirty-eighth session and commended its quality and comprehensive nature and its analysis of the complex issues at hand.

In-depth evaluation of the United Nations Crime Prevention and Criminal Justice Programme

192. The in-depth evaluation examined the achievements and problems of the United Nations Crime Prevention and Criminal Justice Programme in (a) servicing intergovernmental meetings; (b) the development of standards and norms; (c) information and clearing-house functions; (d) assistance to Governments; and (e) cooperative arrangements with related activities in other organizations of the United Nations system and the institutes, national focal points and intergovernmental and non-governmental organizations of the United Nations Crime Prevention and Criminal Justice Programme network.

193. Recommendations were made on strategic management, monitoring of standards and norms, registration of Web site users, training in the use of the United Nations Crime and Justice Information Network and related tools, traditional publications, a public information strategy, executing agency status, fund-raising for operational activities, the contribution of the regional commissions and work with partners in the Network.

194. The Committee for Programme and Coordination discussed the report at its thirty-eighth session and endorsed all of its recommendations.[3]

Triennial review of the implementation of the recommendations made by the Committee for Programme and Coordination at its thirty-fifth session on the evaluation of peacekeeping operations: start-up phase

195. For information on this subject, see paragraphs 41 and 42 above.

Triennial review of the implementation of the recommendations made by the Committee for Programme and Coordination at its thirty-fifth session on the evaluation of the programme on environment

196. The report was submitted in accordance with the decision taken by the Committee for Programme and Coordination at its twenty-second session to review the implementation of its recommendations three years after taking decisions on an in-depth evaluation. UNEP had made an effort to follow through on the recommendations of the Committee. Progress was uneven, however: UNEP needed to give more attention to (a) utilizing existing expertise within the United Nations system, (b) providing support to

the implementation of environmental conventions and (c) improving access to information for the non-scientific community, including decision makers and the media. Recommendations were made to address this situation.

The United Nations Environment Programme had made an effort to follow through on the recommendations of the Committee. Progress was uneven, however.

197. The Committee for Programme and Coordination discussed the report at its thirty-eighth session, expressed the view that UNEP should fully implement the recommendations contained in the in-depth evaluation, and recommended to the General Assembly that the report should be forwarded to the Governing Council of UNEP for its consideration.[4] The new Executive Director informed OIOS that he is committed to implementing the recommendations and is doing this within the context of reorganizing and strengthening UNEP.

Strengthening the role of evaluation findings in programme design, delivery and policy directives

The old system of self-evaluation at the subprogramme level had been largely superseded by a broader and more useful approach that included thematic and project evaluations and other types of assessments as well as greater intergovernmental participation in the evaluation process.

198. The report reviewed in-depth and self-evaluation activities during the period 1996–1997. It highlighted several developments in United Nations evaluation practices: the old system of self-evaluation at the subprogramme level had been largely superseded by a broader and more useful approach that included thematic and project evaluations and other types of assessments as well as greater intergovernmental participation in the evaluation process.

199. The Committee for Programme and Coordination discussed the report at its thirty-eighth session and expressed the view that effective programme monitoring and evaluation were important elements in internal management and intergovernmental reviews. The Committee stressed the importance and necessity of further improving and integrating evaluation into the cycle of programme planning, budgeting and monitoring with a view to improving and strengthening programme formulation and implementation.[5]

The Committee stressed the importance and necessity of further improving and integrating evaluation into the cycle of programme planning, budgeting and monitoring with a view to improving and strengthening programme formulation and implementation.

200. The Committee recommended that the General Assembly approve the addition of two programmes to the schedule of in-depth evaluations, which is now as follows:

1999	Disarmament
	Electoral assistance
2000	Global development trends, issues and policies, and global approaches to social and microeconomic issues and policies, and the corresponding subprogrammes in the regional commissions
	Advancement of women
2001	Policy coordination and sustainable development
	Population

Notes

[1] A/53/16 (Part I), paras. 242-253.

[2] *Ibid.*, paras. 221-230.

[3] *Ibid.*, paras. 231-241.

[4] *Ibid.*, paras. 254-266.

[5] *Ibid.*, paras. 209-220.

Appendix I

Significant recommendations in reports of the Office of Internal Oversight Services on which corrective action has not been completed

In paragraph 28 (d) of ST/SGB/273 of 7 September 1994 the Office of Internal Oversight Services (OIOS) is requested to include in its annual report an identification of each significant recommendation in previous reports on which corrective action has not been completed. The following areas in which implementation of OIOS recommendations was not completed by 30 June 1998 were discussed in the previous annual report of OIOS (A/52/426) in the paragraphs indicated.

Office of Internal Oversight Services function	*Addressee/subject/ reference in previous annual reports*	*Status*
Audit	Department of Development Support and Management Services/procurement by the Contracts and Procurement Service A/50/945, annex	The recommendations contained in the OIOS report (A/50/945, annex) concerning procurement handled by the Contracts and Procurement Service have been addressed by the transfer of procurement responsibilities to the Procurement Division of the Department of Management.
Audit	Department of Administration and Management/United Nations Postal Administration A/51/432, para. 102	Based on the OIOS recommendation, the Department of Management has requested the Accounts Division to evaluate the full costs of operating the United Nations Postal Administration, and has requested the Office of Central Support Services to assess alternative modalities, including outsourcing, for implementing the Administration's mandates. This evaluation is still pending.
Audit	Department of Administration and Management/global cargo and vehicle insurance A/51/432, annex, para. 76	Recommendations contained in OIOS report (A/51/302, annex), have been updated by a follow-up audit of the Organization's commercial insurance arrangements that will be reported to the General Assembly in its fifty-third session.
Audit	Department of Administration and Management/Outsourcing A/51/432, annex, para. 106	Based on a request from the Fifth Committee, the Under-Secretary-General for Management is developing an outsourcing policy together with corresponding rules and regulations for implementing the new policy. The expected date for issuance to the Fifth Committee is December 1998.

Office of Internal Oversight Services function	*Addressee/subject/ reference in previous annual reports*	*Status*
Audit	Department of Management/ Procurement reform A/52/813, annex	Implementation of the recommendations in the OIOS report on the status of the implementation of procurement reform (A/52/813, annex) is ongoing. The General Assembly, in its resolution 52/226 of 27 April 1998, endorsed the recommendations made by OIOS and requested the Secretary-General to report on their implementation during its fifty-third session.
Audit	Department of Management/ Use of consultants A/52/814, annex	The OIOS audit report on the audit of the use of consultants recommended that the Department issue detailed policy guidelines, *inter alia*, to ensure that consultants are selected on a cost-effective and competitive basis with due regard to the Organization's policies for gender and geographical balance and that they are paid according to a uniformly applied methodology for establishing remuneration levels. The Office of Human Resources Management has initiated development of comprehensive policy guidelines which are expected to be completed by the end of 1998.
Evaluation	Department of Management A/52/426, para. 41	No action had been taken as of the end of this reporting period on implementing recommendation 1, special emergency rules and procedures, of the in-depth evaluation of the Department of Humanitarian Affairs (E/AC.51/1997/3)

Appendix II

Reports of the Office of Internal Oversight Services during the period from 1 July 1997 to 30 June 1998

A. Reports to the General Assembly

- Audits of the regional commissions (A/52/776, annex)
- Review of programme management in the Crime Prevention and Criminal Justice Division (A/52/777, annex)
- Follow-up to the 1997 audit and investigation of the International Criminal Tribunal for Rwanda (A/52/784, annex)
- Review of the implementation of procurement reform (A/52/813, annex)
- Audit of the use of consultants (A/52/814, annex)
- Audit of the second United Nations Conference on Human Settlements (A/52/821, annex)
- Audits of the procurement process in the United Nations Angola Verification Mission (A/52/881, annex)
- Termination benefits paid to the locally employed civilians in the United Nations Peacekeeping Force in Cyprus (A/52/886, annex)
- Review of the procurement of Lysol by the Office of the United Nations High Commissioner for Refugees (A/52/887, annex)
- Strengthening of the role of evaluation findings in programme design, delivery and policy directives (A/53/90, annex)
- Programme performance of the United Nations for the biennium 1996–1997 (A/53/122 and Add.1)

B. Reports to the Committee for Programme and Coordination

- In-depth evaluation of the United Nations International Drug Control Programme (E/AC.51/1998/2)
- In-depth evaluation of the United Nations Crime Prevention and Criminal Justice Programme (E/AC.51/1998/3)
- Triennial review of the implementation of recommendations made by the Committee for Programme and Coordination at its thirty-fifth session on the evaluation of peacekeeping operations: start-up phase (E/AC.51/1998/4)
- Triennial review of the implementation of recommendations made by the Committee for Programme and Coordination at its thirty-fifth session on the evaluation of the programme on environment (E/AC.51/1998/5)

C. Audit reports (departments/audit subject)

Department of Peacekeeping Operations	• United Nations Angola Verification Mission (UNAVEM III) • United Nations Administrative Unit Baghdad and the United Nations Guards Contingent in Iraq • United Nations Logistics Base at Brindisi • United Nations Peace Forces (UNPF) • United Nations Peacekeeping Force in Cyprus (UNFICYP) • Liquidation of the United Nations Operation in Mozambique and the United Nations Operation in Somalia II • United Nations Military Observer Group in India and Pakistan (UNMOGIP) • United Nations Special Mission to Afghanistan (UNSMA) • United Nations Interim Force in Lebanon (UNIFIL) • United Nations Observer Mission in Georgia (UNOMIG) • United Nations Observer Mission in Angola (MONUA) • United Nations Truce Supervision Organization (UNTSO) • United Nations Disengagement Observer Force (UNDOF) • United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) • United Nations Preventive Deployment Force (UNPREDEP) • United Nations Mission in Bosnia and Herzegovina (UNMIBH) • Liquidation of the United Nations Assistance Mission for Rwanda (UNAMIR) • United Nations Transition Mission in Haiti (UNTMIH) • United Nations Mission for the Referendum in Western Sahara (MINURSO)
Department of Humanitarian Affairs	• Mine action centres in Croatia and Bosnia and Herzegovina
Office of the United Nations High Commissioner for Refugees	• Country programme in Senegal • Country programme in the Federal Republic of Yugoslavia • Country programme in Angola • Management of special item assets • Information technology management
Department of Economic and Social Affairs	• Programme management • Technical cooperation projects in Saudi Arabia

International Research and Training Institute for the Advancement of Women	• International Research and Training Institute for the Advancement of Women
United Nations Environment Programme	• Use of telecommunications • UNEP Revolving Fund • Mercure project • International Environment Technology Centre • Industry and Environment Programme Activity Centre • Regional Office for Latin America and the Caribbean Coordinating Unit for the Mediterranean Action Plan • Regional Office for Asia and the Pacific • Secretariat of the Convention on the Conservation of Migratory Species of Wild Animals • Secretariat to the Multilateral Fund for the Implementation of the Montreal Protocol
United Nations Centre for Human Settlements	• The second United Nations Conference on Human Settlements (Habitat II) • Urban Management Programme Regional Office for Africa
Economic and Social Commission for Asia and the Pacific	• Information technology management
Economic and Social Commission for Western Asia	• Information technology management
International Trade Centre	• Programme outputs • Revolving funds
United Nations International Drug Control Programme	• UNDCP project to mobilize non-governmental organizations in eastern and southern Africa • UNDCP Dir district development project in Pakistan • UNDCP drug abuse prevention project in Brazil • UNDCP projects in Jamaica
Department of Public Information	• Trust Fund for the Fiftieth Anniversary of the United Nations

Department of Management	• Rental subsidy and deduction schemes • Security and Safety Service of the United Nations • Management audit of the United Nations recruitment process • Consultancy on mission subsistence allowance (MSA) • Management of extrabudgetary posts • Rental and management of space at Headquarters
United Nations Compensation Commission	• Management review • Information technology management
United Nations Framework Convention on Climate Change	• Administration of the United Nations Framework Convention on Climate Change
United Nations Office at Nairobi	• Bank accounts • Facility management

D. Investigation reports (department/investigation subject)

Department of Peacekeeping Operations	• Aviation services • Education grant claims • Staff Rule 104.10, Outside activities • Misconduct
Department of Economic and Social Affairs	• Education grant claim
Office of Central Support Services	• Education grant claim